



Reprinted
April 11, 2007

ENGROSSED HOUSE BILL No. 1478

DIGEST OF HB 1478 (Updated April 10, 2007 7:01 pm - DI 73)

Citations Affected: Numerous provisions throughout the Indiana Code.

Synopsis: Taxation. Calculates each year a state property tax replacement amount for each county. Provides that this amount is used to do the following: (1) Replace the amount of tuition support levies imposed in the county in 2008 by school corporations. (2) Replace the amount of the family and children's fund levy imposed by the county in 2008. (3) Pay each year to the department of correction the county's cost of incarcerating delinquent offenders for 2008. Specifies that the growth after 2008 in tuition support levies and costs for incarcerating delinquent offenders is replaced by the state. Provides that one-half of the growth in county family and children's fund levies after 2008 is replaced by the state. Eliminates property tax replacement credits after 2007. Increases the homestead credit percentage to 28% for 2007 if initial licensing fees are received in 2007 for slot machine gambling games at racetracks. Provides that the homestead credit percentage is 4% for 2008, 3% for 2009, 2% for 2010, and 1% for 2011. Eliminates homestead credits after 2011. Provides that the property tax standard deduction is equal to the lesser of \$50,000 or 60% of assessed value. Abolishes the property tax replacement fund on December 31, 2007, and transfers the balance to the state general fund. Provides that the
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Effective: Upon passage; January 1, 2007 (retroactive); July 1, 2007; January 1, 2008; July 1, 2008.

Kuzman, Turner

(SENATE SPONSORS — KENLEY, HERSHMAN, MRVAN)

January 23, 2007, read first time and referred to Committee on Ways and Means.
February 15, 2007, amended, reported — Do Pass.
February 19, 2007, read second time, ordered engrossed. Engrossed.
February 26, 2007, read third time, passed. Yeas 94, nays 0.

SENATE ACTION

March 5, 2007, read first time and referred to Committee on Tax and Fiscal Policy.
April 5, 2007, amended, reported favorably — Do Pass.
April 10, 2007, read second time, amended, ordered engrossed.

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department of local government finance (DLGF) shall adjust excise tax and local option income tax distributions to ensure that distributions for counties and school corporations are not reduced because of the reduction or elimination of the levies. Provides that the balance in the state rainy day fund at the end of a state fiscal year is appropriated to the state general fund only to the extent the balance exceeds 10% of state general fund revenues. Authorizes a county to adopt an additional county adjusted gross income tax (CAGIT) rate or an additional county option income tax (COIT) rate. Provides that the tax rate shall be set by the DLGF at an amount sufficient to raise tax revenue to replace the estimated increase in the following year of certain property tax levies in the county. Provides that in the first year the tax rate is imposed, the tax rate shall be set for each of the following two years. Provides that the rate set for the first year must be twice the amount needed to replace the tax levy growth, and that one-half of the tax revenue in the first year must be deposited in the county stabilization fund. Establishes a county stabilization fund in each county that imposes the additional tax rate. Provides that if the certified distributions exceed the estimated replacement amount used to determine the tax rate, the excess shall be deposited in a county stabilization fund. Specifies when money shall be distributed from the county stabilization fund. Provides that the tax rate may not be reduced or rescinded, but that the rate may be increased each year to replace the property tax levy growth that would otherwise occur in the following year. Provides that if a county has imposed the additional tax rate, the county may impose a 0.05% CAGIT or COIT tax rate for public safety. Requires this tax revenue to be distributed to the county and municipalities and townships in the county and to be used for public safety purposes.. Provides that if a county has imposed the additional tax rate to replace the levy growth, the county may impose an additional CAGIT or COIT tax rate for: (1) property tax replacement credits; or (2) an increase in the homestead credit percentage. Provides that ordinances imposing, increasing, decreasing, or rescinding CAGIT, COIT, and the county economic development income tax must be adopted after March 31 and before August 1 of a year. Provides that the ordinances take effect October 1 of a year. Abolishes county boards of tax adjustment on December 31, 2008. Establishes a county board of tax and capital projects review (review board) in each county on January 1, 2009. Provides that a review board consists of members appointed from various fiscal bodies within the county. Specifies that each review board includes two elected individuals. Provides that the review board has the powers and duties held by a county board of tax adjustment before the county board of tax adjustment is abolished. Requires the fiscal body of each political subdivision in a county to do the following every two years: (1) Hold a public hearing on a proposed capital projects plan. (2) Adopt a capital projects plan. Requires a capital projects plan to apply to at least the five years immediately following the year the capital projects plan is adopted. Requires a review board to review and provide a written report concerning each capital projects plan. Provides that a political subdivision may not: (1) begin construction of a capital project; (2) enter into contracts for the construction of a capital project; (3) issue bonds for the capital project; or (4) take certain other actions concerning a capital project; unless the review board approves the capital project. Provides that the approval of the DLGF is not required for the issuance of bonds that has been approved by the review board. Provides that a capital project must be reviewed by a county board of tax and capital projects review only if the capital project: (1) is a controlled project for purposes of the petition and remonstrance procedures; and (2) will cost the political subdivision more than \$7,000,000. Provides that the local government tax control board is abolished December 31, 2008. Beginning in 2009, eliminates certain levy appeals for civil taxing units. Specifies that a person contracted to

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discover omitted or undervalued property may review only the three assessment years ending before January 1 of the year in which a taxpayer receives notice of the person's actions under the contract. Specifies the priority of payments from a special nonreverting fund created for the deposit of taxes resulting from additional assessments on undervalued or omitted property. Establishes the property tax reduction trust fund (fund). Provides that the fund consists of: (1) any initial licence fees paid to the state for a license to conduct slot machine gambling games at racetracks; (2) any wagering taxes imposed on slot machine gambling games at racetracks; and (3) any riverboat admissions taxes that would be paid to the Indiana horse racing commission but are replaced by payments from persons conducting slot machine gambling games at racetracks. Provides that money in the fund shall be used to pay the cost of increasing the state homestead credit in 2007. Provides that beginning in 2008, money in the fund shall be transferred to the state general fund to pay: (1) one-half of the cost to the state of: (A) providing homestead credits; and (B) making payments to replace the growth in school corporation tuition support levies, the growth in costs incurred by counties for the incarceration of juvenile offenders, and one-half of the growth in county family and children's fund levies; (2) an amount equal to the revenue loss resulting from a statutory change providing that the riverboat wagering tax is not added back to federal taxable income to determine Indiana adjusted gross income; and (3) an amount equal to the amount by which riverboat wagering tax for a state fiscal year is less than the riverboat wagering tax for the state fiscal year ending in 2007. Establishes the state family and children's fund. Provides that all money contained in a county's family and children's fund shall be transferred to the state family and children's fund. Provides that the department of child services (department) shall pay from the state family and children's fund: (1) expenses and obligations incurred by the department in the payment of child services for children adjudicated to be children in need of services or delinquent children; (2) costs of related services; (3) costs of medical care, including psychiatric care and institutional psychiatric care, for wards of the department; and (4) any expense of the type that was payable before January 1, 2008, from a county family and children's fund. Provides that the balance of each county's family and children trust clearance fund becomes part of the state family and children trust clearance fund. Specifies that after 2009, the circuit breaker credit for taxes greater than 2% applies to homestead property and that the circuit breaker credit for taxes greater than 3% applies to property other than homestead property. Establishes a circuit breaker relief appeal board. Provides that beginning in 2008, a county or two or more political subdivisions that will have their property tax collections reduced by at least 2% in a year as a result of the application of the circuit breaker credit may petition the board for relief from the application of the circuit breaker credit. Requires a petitioning political subdivision to submit a proposed financial plan to the board. Provides that the board may: (1) increase the threshold at which the circuit breaker credit applies to a person's property tax liability; or (2) provide for a uniform percentage reduction to circuit breaker credits otherwise provided in the county; if the governing boards of all political subdivisions in the county agree to that plan. Increases the Allen County innkeeper's tax rate to 7%. Authorizes Monroe County to adopt an additional COIT tax rate of not more than 0.25% to fund juvenile detention center. Raises the cap on the Vanderburgh County innkeepers' tax from 6% to 8%. Provides that, notwithstanding the December 31, 2006, statutory deadline for a political subdivision to adopt an ordinance or resolution to provide local homestead credits in 2007, a political subdivision may adopt such an ordinance or resolution after December 31, 2006, and before June 1, 2007, to provide for a local homestead credit in 2007. Adds

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municipalities in Porter County to the list of municipalities that may annex certain noncontiguous territory. In certain counties, provides that if a municipality annexes into a neighboring school corporation and a TIF allocation area is established in that territory, the tax increment may be used only for expenditures in that territory. Makes certain changes concerning personal property abatement. Specifies the assessment methods to be used in the assessment of a water based adult entertainment center, including a riverboat. Creates the annexation study committee.

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April 11, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1478

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 23.5. A candidate for election as a member of the**
4 **county board of tax and capital projects review in 2008 and**
5 **thereafter must have resided in the county for at least one (1) year**
6 **before the election.**
- 7 SECTION 2. IC 3-10-2-13 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The following
9 public officials shall be elected at the general election before their
10 terms of office expire and every four (4) years thereafter:
- 11 (1) Clerk of the circuit court.
12 (2) County auditor.
13 (3) County recorder.
14 (4) County treasurer.
15 (5) County sheriff.
16 (6) County coroner.
17 (7) County surveyor.

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- (8) County assessor.
- (9) County commissioner.
- (10) County council member.
- (11) Township trustee.
- (12) Township board member.
- (13) Township assessor.
- (14) Judge of a small claims court.
- (15) Constable of a small claims court.

(16) Elected member of a county board of tax and capital projects review.

SECTION 3. IC 3-11-2-12, AS AMENDED BY P.L.2-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. The following offices shall be placed on the general election ballot in the following order:

- (1) Federal and state offices:
 - (A) President and Vice President of the United States.
 - (B) United States Senator.
 - (C) Governor and lieutenant governor.
 - (D) Secretary of state.
 - (E) Auditor of state.
 - (F) Treasurer of state.
 - (G) Attorney general.
 - (H) Superintendent of public instruction.
 - (I) United States Representative.
- (2) Legislative offices:
 - (A) State senator.
 - (B) State representative.
- (3) Circuit offices and county judicial offices:
 - (A) Judge of the circuit court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the circuit court.
 - (B) Judge of the superior court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the superior court.
 - (C) Judge of the probate court.
 - (D) Judge of the county court, with each division separate, as required by IC 33-30-3-3.
 - (E) Prosecuting attorney.
 - (F) Clerk of the circuit court.
- (4) County offices:
 - (A) County auditor.
 - (B) County recorder.

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- 1 (C) County treasurer.
- 2 (D) County sheriff.
- 3 (E) County coroner.
- 4 (F) County surveyor.
- 5 (G) County assessor.
- 6 (H) County commissioner.
- 7 (I) County council member.
- 8 **(J) County board of tax and capital projects review**
- 9 **member.**
- 10 (5) Township offices:
- 11 (A) Township assessor.
- 12 (B) Township trustee.
- 13 (C) Township board member.
- 14 (D) Judge of the small claims court.
- 15 (E) Constable of the small claims court.
- 16 (6) City offices:
- 17 (A) Mayor.
- 18 (B) Clerk or clerk-treasurer.
- 19 (C) Judge of the city court.
- 20 (D) City-county council member or common council member.
- 21 (7) Town offices:
- 22 (A) Clerk-treasurer.
- 23 (B) Judge of the town court.
- 24 (C) Town council member.

25 SECTION 4. IC 4-10-18-8 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Except as
 27 provided in subsection (b), if the balance, at the end of a state fiscal
 28 year, in the fund exceeds ~~seven~~ **ten** percent (~~7%~~) **(10%)** of the total
 29 state general fund revenues for that state fiscal year, the excess is
 30 appropriated from the fund to the property tax replacement fund
 31 ~~established under IC 6-1.1-21.~~ **(before January 1, 2008) or to the**
 32 **state general fund (after December 31, 2007).** The auditor of state
 33 and the treasurer of state shall transfer the amount so appropriated from
 34 the fund to the property tax replacement fund **(before January 1,**
 35 **2008) or to the state general fund (after December 31, 2007)** during
 36 the immediately following state fiscal year.

37 (b) If an appropriation is made out of the fund under section 4 of
 38 this chapter for a state fiscal year during which a transfer is to be made
 39 from the fund to the property tax replacement fund **or state general**
 40 **fund**, the amount of the appropriation made under subsection (a) shall
 41 be reduced by the amount of the appropriation made under section 4 of
 42 this chapter. However, the amount of the appropriation made under

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subsection (a) may not be reduced to less than zero (0).

SECTION 5. IC 6-1.1-4-39.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 39.5. (a) As used in this section, "water based adult entertainment center" includes a riverboat (as defined in IC 4-33-2-17).**

(b) For assessment dates after February 28, 2006, except as provided in subsection (c), the true tax value of real property regularly used as a water based adult entertainment center is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences using base prices determined under 50 IAC 2.3 and associated guidelines published by the department.

(2) Sales comparison approach, using data for generally comparable property, excluding values attributable to licenses, fees, or personal property as determined under 50 IAC 4.2.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (b) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of the income capitalization method.

SECTION 6. IC 6-1.1-12-37, AS AMENDED BY P.L.162-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) ~~one-half (1/2)~~ **sixty percent (60%)** of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) for property taxes first due and payable:

(A) before January 1, 2007, thirty-five thousand dollars (\$35,000);

(B) after December 31, 2006, and before January 1, 2008, forty-five thousand dollars (\$45,000); and

(C) after December 31, 2007, ~~thirty-five thousand dollars (\$35,000)~~ **fifty thousand dollars (\$50,000)**.

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 7. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located

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and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or

(ii) in any manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

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- 1 (A) on unimproved real estate; or
 2 (B) on real estate upon which a prior existing structure is
 3 demolished to allow for a new construction.
 4 (6) "Rehabilitation" means the remodeling, repair, or betterment
 5 of property in any manner or any enlargement or extension of
 6 property.
 7 (7) "Designating body" means the following:
 8 (A) For a county that does not contain a consolidated city, the
 9 fiscal body of the county, city, or town.
 10 (B) For a county containing a consolidated city, the
 11 metropolitan development commission.
 12 (8) "Deduction application" means:
 13 (A) the application filed in accordance with section 5 of this
 14 chapter by a property owner who desires to obtain the
 15 deduction provided by section 3 of this chapter;
 16 (B) the application filed in accordance with section 5.4 of this
 17 chapter by a person who desires to obtain the deduction
 18 provided by section 4.5 of this chapter; or
 19 (C) the application filed in accordance with section 5.3 of this
 20 chapter by a property owner that desires to obtain the
 21 deduction provided by section 4.8 of this chapter.
 22 (9) "Designation application" means an application that is filed
 23 with a designating body to assist that body in making a
 24 determination about whether a particular area should be
 25 designated as an economic revitalization area.
 26 (10) "Hazardous waste" has the meaning set forth in
 27 IC 13-11-2-99(a). The term includes waste determined to be a
 28 hazardous waste under IC 13-22-2-3(b).
 29 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
 30 However, the term does not include dead animals or any animal
 31 solid or semisolid wastes.
 32 (12) "New research and development equipment" means tangible
 33 personal property that:
 34 (A) a deduction applicant installs after June 30, 2000, and on
 35 or before the approval deadline determined under section 9 of
 36 this chapter, in an economic revitalization area in which a
 37 deduction for tangible personal property is allowed;
 38 (B) consists of:
 39 (i) laboratory equipment;
 40 (ii) research and development equipment;
 41 (iii) computers and computer software;
 42 (iv) telecommunications equipment; or

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(v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~for purposes described in this subdivision; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) in any manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) racking equipment;

(ii) scanning or coding equipment;

(iii) separators;

(iv) conveyors;

(v) fork lifts or lifting equipment (including "walk behinds");

(vi) transitional moving equipment;

(vii) packaging equipment;

(viii) sorting and picking equipment; or

(ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

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(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~and uses for the storage or distribution of goods, services, or information; and if the~~ **tangible personal property has been previously used in Indiana before the installation described in clause (A); and**

(ii) **in any manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics;

(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility

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1 receipts, executed lease agreements, or any other evidence of
 2 occupation that the department of local government finance
 3 requires.

4 SECTION 8. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006,
 5 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision
 7 shall formulate its estimated budget and its proposed tax rate and tax
 8 levy on the form prescribed by the department of local government
 9 finance and approved by the state board of accounts. The political
 10 subdivision shall give notice by publication to taxpayers of:

- 11 (1) the estimated budget;
- 12 (2) the estimated maximum permissible levy;
- 13 (3) the current and proposed tax levies of each fund; and
- 14 (4) the amounts of excessive levy appeals to be requested.

15 In the notice, the political subdivision shall also state the time and
 16 place at which a public hearing will be held on these items. The notice
 17 shall be published twice in accordance with IC 5-3-1 with the first
 18 publication at least ten (10) days before the date fixed for the public
 19 hearing. Beginning in 2009, the duties required by this subsection must
 20 be completed before August 10 of the calendar year. A political
 21 subdivision shall provide the estimated budget and levy information
 22 required for the notice under subsection (b) to the county auditor on the
 23 schedule determined by the department of local government finance.

24 (b) Beginning in 2009, before August 10 of a calendar year, the
 25 county auditor shall mail to the last known address of each person
 26 liable for any property taxes, as shown on the tax duplicate, or to the
 27 last known address of the most recent owner shown in the transfer
 28 book, a statement that includes:

- 29 (1) the assessed valuation as of the assessment date in the current
 30 calendar year of tangible property on which the person will be
 31 liable for property taxes first due and payable in the immediately
 32 succeeding calendar year and notice to the person of the
 33 opportunity to appeal the assessed valuation under
 34 IC 6-1.1-15-1(b);
- 35 (2) the amount of property taxes for which the person will be
 36 liable to each political subdivision on the tangible property for
 37 taxes first due and payable in the immediately succeeding
 38 calendar year, taking into account all factors that affect that
 39 liability, including:
 - 40 (A) the estimated budget and proposed tax rate and tax levy
 41 formulated by the political subdivision under subsection (a);
 - 42 (B) any deductions or exemptions that apply to the assessed

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- 1 valuation of the tangible property;
 2 (C) any credits that apply in the determination of the tax
 3 liability; and
 4 (D) the county auditor's best estimate of the effects on the tax
 5 liability that might result from actions of:
 6 (i) the county board of tax adjustment **(before January 1,**
 7 **2009) or the county board of tax and capital projects**
 8 **review (after December 31, 2008);** or
 9 (ii) the department of local government finance;
 10 (3) a prominently displayed notation that:
 11 (A) the estimate under subdivision (2) is based on the best
 12 information available at the time the statement is mailed; and
 13 (B) based on various factors, including potential actions by:
 14 (i) the county board of tax adjustment **(before January 1,**
 15 **2009) or the county board of tax and capital projects**
 16 **review (after December 31, 2008);** or
 17 (ii) the department of local government finance;
 18 it is possible that the tax liability as finally determined will
 19 differ substantially from the estimate;
 20 (4) comparative information showing the amount of property
 21 taxes for which the person is liable to each political subdivision
 22 on the tangible property for taxes first due and payable in the
 23 current year; and
 24 (5) the date, time, and place at which the political subdivision will
 25 hold a public hearing on the political subdivision's estimated
 26 budget and proposed tax rate and tax levy as required under
 27 subsection (a).
 28 (c) The department of local government finance shall:
 29 (1) prescribe a form for; and
 30 (2) provide assistance to county auditors in preparing;
 31 statements under subsection (b). Mailing the statement described in
 32 subsection (b) to a mortgagee maintaining an escrow account for a
 33 person who is liable for any property taxes shall not be construed as
 34 compliance with subsection (b).
 35 (d) The board of directors of a solid waste management district
 36 established under IC 13-21 or IC 13-9.5-2 (before its repeal) may
 37 conduct the public hearing required under subsection (a):
 38 (1) in any county of the solid waste management district; and
 39 (2) in accordance with the annual notice of meetings published
 40 under IC 13-21-5-2.
 41 (e) The trustee of each township in the county shall estimate the
 42 amount necessary to meet the cost of township assistance in the

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township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.

(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 9. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a municipality, not later than September 30.

(3) The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:

(A) the time required in section 5.6(b) of this chapter; or

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at

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any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **under IC 6-1.1-29-4 after September 20 of that year.**

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

(f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year.

SECTION 10. IC 6-1.1-17-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a

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1 population of more than one hundred five thousand (105,000) but less
2 than one hundred twenty thousand (120,000).

3 (b) Before February 1 of each year, the officers of the school
4 corporation shall meet to fix the budget for the school corporation for
5 the ensuing budget year, with notice given by the same officers.
6 However, if a resolution adopted under subsection (d) is in effect, the
7 officers shall meet to fix the budget for the ensuing budget year before
8 September 20.

9 (c) Each year, at least two (2) days before the first meeting **after**
10 **September 20** of the county board of tax adjustment **(before January**
11 **1, 2009) or the county board of tax and capital projects review**
12 **(after December 31, 2008)** held under IC 6-1.1-29-4, the school
13 corporation shall file with the county auditor:

14 (1) a statement of the tax rate and tax levy fixed by the school
15 corporation for the ensuing budget year;

16 (2) two (2) copies of the budget adopted by the school corporation
17 for the ensuing budget year; and

18 (3) any written notification from the department of local
19 government finance under section 16(i) of this chapter that
20 specifies a proposed revision, reduction, or increase in the budget
21 adopted by the school corporation for the ensuing budget year.

22 Each year the county auditor shall present these items to the county
23 board of tax adjustment **(before January 1, 2009) or the county**
24 **board of tax and capital projects review (after December 31, 2008)**
25 at the board's first meeting **after September 20 of that year.**

26 (d) The governing body of the school corporation may adopt a
27 resolution to cease using a school year budget year and return to using
28 a calendar year budget year. A resolution adopted under this subsection
29 must be adopted after January 1 and before July 1. The school
30 corporation's initial calendar year budget year following the adoption
31 of a resolution under this subsection begins on January 1 of the year
32 following the year the resolution is adopted. The first six (6) months of
33 the initial calendar year budget for the school corporation must be
34 consistent with the last six (6) months of the final school year budget
35 fixed by the department of local government finance before the
36 adoption of a resolution under this subsection.

37 (e) A resolution adopted under subsection (d) may be rescinded by
38 a subsequent resolution adopted by the governing body. If the
39 governing body of the school corporation rescinds a resolution adopted
40 under subsection (d) and returns to a school year budget year, the
41 school corporation's initial school year budget year begins on July 1
42 following the adoption of the rescinding resolution and ends on June

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30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 11. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

(1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and

(2) to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision.

(b) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(c) When the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 12. IC 6-1.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. If the boundaries of a political subdivision cross one (1) or more county lines, the budget, tax levy, and tax rate fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 5 or 5.6 of this chapter. The board of tax adjustment of the county which contains the largest portion of the value of property taxable by the political subdivision, as determined from the abstracts of taxable values last filed with the auditor of state, has jurisdiction over the budget, tax rate, and tax levy to the same extent as if the property taxable by the political subdivision were wholly within the county. The secretary of the county board of tax adjustment **(before**

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1 **January 1, 2009) or the county board of tax and capital projects**
 2 **review (after December 31, 2008)** shall notify the county auditor of
 3 each affected county of the action of the board. Appeals from actions
 4 of the county board of tax adjustment **(before January 1, 2009) or the**
 5 **county board of tax and capital projects review (after December**
 6 **31, 2008)** may be initiated in any affected county.

7 SECTION 13. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006,
 8 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2007]: Sec. 8. (a) If the county board of tax adjustment
 10 **(before January 1, 2009) or the county board of tax and capital**
 11 **projects review (after December 31, 2008)** determines that the
 12 maximum aggregate tax rate permitted within a political subdivision
 13 under IC 6-1.1-18 is inadequate, the county board shall, subject to the
 14 limitations prescribed in IC 20-45-4, file its written recommendations
 15 in duplicate with the county auditor. The board shall include with its
 16 recommendations:

- 17 (1) an analysis of the aggregate tax rate within the political
- 18 subdivision;
- 19 (2) a recommended breakdown of the aggregate tax rate among
- 20 the political subdivisions whose tax rates compose the aggregate
- 21 tax rate within the political subdivision; and
- 22 (3) any other information that the county board considers relevant
- 23 to the matter.

24 (b) The county auditor shall forward one (1) copy of the county
 25 board's recommendations to the department of local government
 26 finance and shall retain the other copy in the county auditor's office.
 27 The department of local government finance shall, in the manner
 28 prescribed in section 16 of this chapter, review the budgets by fund, tax
 29 rates, and tax levies of the political subdivisions described in
 30 subsection (a)(2).

31 SECTION 14. IC 6-1.1-17-9 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The county board
 33 of tax adjustment **(before January 1, 2009) or the county board of**
 34 **tax and capital projects review (after December 31, 2008)** shall
 35 complete the duties assigned to it under this chapter on or before
 36 October 1st of each year, except that in a consolidated city and county
 37 and in a county containing a second class city, the duties of this board
 38 need not be completed until November 1 of each year.

39 (b) If the county board of tax adjustment **(before January 1, 2009)**
 40 **or the county board of tax and capital projects review (after**
 41 **December 31, 2008)** fails to complete the duties assigned to it within
 42 the time prescribed in this section or to reduce aggregate tax rates so

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that they do not exceed the maximum rates permitted under IC 6-1.1-18, the county auditor shall calculate and fix the tax rate within each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

(c) When the county auditor calculates and fixes tax rates, ~~he the~~ **county auditor** shall send a certificate notice of ~~the rate he has fixed~~ **those rates** to each political subdivision of the county. ~~He~~ **The county auditor** shall send these notices within five (5) days after publication of the notice required by section 12 of this chapter.

(d) When the county auditor calculates and fixes tax rates, ~~his that~~ action shall be treated as if it were the action of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

SECTION 15. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. When the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

SECTION 16. IC 6-1.1-17-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. A budget, tax rate, or tax levy of a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, is final unless:

(1) action is taken by the county auditor in the manner provided under section 9 of this chapter;

(2) the action of the county board is subject to review by the department of local government finance under section 8 or 10 of this chapter; or

(3) an appeal to the department of local government finance is initiated with respect to the budget, tax rate, or tax levy.

SECTION 17. IC 6-1.1-17-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. As soon as the budgets, tax rates, and tax levies are approved or modified by the

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1 county board of tax adjustment **(before January 1, 2009) or the**
 2 **county board of tax and capital projects review (after December**
 3 **31, 2008)**, the county auditor shall within fifteen (15) days prepare a
 4 notice of the tax rates to be charged on each one hundred dollars (\$100)
 5 of assessed valuation for the various funds in each taxing district. The
 6 notice shall also inform the taxpayers of the manner in which they may
 7 initiate an appeal of the county board's action. The county auditor shall
 8 post the notice at the county courthouse and publish it in two (2)
 9 newspapers which represent different political parties and which have
 10 a general circulation in the county.

11 SECTION 18. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005,
 12 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2007]: Sec. 14. The county auditor shall initiate an appeal to
 14 the department of local government finance if the county fiscal body,
 15 ~~or~~ the county board of tax adjustment **(before January 1, 2009), or the**
 16 **county board of tax and capital projects review (after December**
 17 **31, 2008)** reduces:

- 18 (1) a township assistance tax rate below the rate necessary to meet
- 19 the estimated cost of township assistance;
- 20 (2) a family and children's fund tax rate below the rate necessary
- 21 to collect the levy recommended by the department of child
- 22 services; or
- 23 (3) a children's psychiatric residential treatment services fund tax
- 24 rate below the rate necessary to collect the levy recommended by
- 25 the department of child services.

26 SECTION 19. IC 6-1.1-17-15 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. A political
 28 subdivision may appeal to the department of local government finance
 29 for an increase in its tax rate or tax levy as fixed by the county board of
 30 tax adjustment **(before January 1, 2009), the county board of tax**
 31 **and capital projects review (after December 31, 2008)**, or the county
 32 auditor. To initiate the appeal, the political subdivision must file a
 33 statement with the department of local government finance not later
 34 than ten (10) days after publication of the notice required by section 12
 35 of this chapter. The legislative body of the political subdivision must
 36 authorize the filing of the statement by adopting a resolution. The
 37 resolution must be attached to the statement of objections, and the
 38 statement must be signed by the following officers:

- 39 (1) In the case of counties, by the board of county commissioners
- 40 and by the president of the county council.
- 41 (2) In the case of all other political subdivisions, by the highest
- 42 executive officer and by the presiding officer of the legislative

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body.

SECTION 20. IC 6-1.1-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The state may not impose a tax rate on tangible property in excess of thirty-three hundredths of one cent (\$0.0033) on each one hundred dollars (\$100) of assessed valuation. The state tax rate is not subject to review by county boards of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or county auditors. This section does not apply to political subdivisions of the state.

SECTION 21. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or

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IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 22. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year. STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

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STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

(b) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (e) from the amount determined under STEP SEVEN of this subsection.

(c) If a civil taxing unit in the immediately preceding calendar year

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provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0).

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

(A) the amount determined in STEP ONE; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:

(i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or

(ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

(A) zero (0); or

(B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

(e) For each civil taxing unit, the amount to be subtracted under subsection (b), STEP EIGHT, is determined using the following

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1 formula:

2 STEP ONE: Determine the lesser of the civil taxing unit's base

3 year certified share for the ensuing calendar year, as determined

4 under section 5 of this chapter, or the civil taxing unit's certified

5 share for the ensuing calendar year.

6 STEP TWO: Determine the greater of:

7 (A) zero (0); or

8 (B) the remainder of:

9 (i) the amount of federal revenue sharing money that was

10 received by the civil taxing unit in 1985; minus

11 (ii) the amount of federal revenue sharing money that will be

12 received by the civil taxing unit in the year preceding the

13 ensuing calendar year.

14 STEP THREE: Determine the lesser of:

15 (A) the amount determined in STEP TWO; or

16 (B) the amount determined in subsection (f) for the civil taxing

17 unit.

18 STEP FOUR: Add the amount determined in subsection (d),

19 STEP FOUR, to the amount determined in STEP THREE.

20 STEP FIVE: Subtract the amount determined in STEP FOUR

21 from the amount determined in STEP ONE.

22 (f) As used in this section, a taxing unit's "determination year"

23 means the latest of:

24 (1) calendar year 1987, if the taxing unit is treated as being

25 located in an adopting county for calendar year 1987 under

26 section 4 of this chapter;

27 (2) the taxing unit's base year, as defined in section 5 of this

28 chapter, if the taxing unit is treated as not being located in an

29 adopting county for calendar year 1987 under section 4 of this

30 chapter; or

31 (3) the ensuing calendar year following the first year that the

32 taxing unit is located in a county that has a county adjusted gross

33 income tax rate of more than one-half percent (0.5%) on July 1 of

34 that year.

35 The amount to be used in subsections (d) and (e) for a taxing unit

36 depends upon the taxing unit's certified share for the ensuing calendar

37 year, the taxing unit's determination year, and the county adjusted gross

38 income tax rate for resident county taxpayers (as defined in

39 IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of

40 the year preceding the ensuing calendar year. For the determination

41 year and the ensuing calendar years following the taxing unit's

42 determination year, the amount is the taxing unit's certified share for

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1 the ensuing calendar year multiplied by the appropriate factor
2 prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%		
	Subsection (e)	
Year	Factor	
For the determination year and each ensuing calendar year following the determination year	0	

COUNTIES WITH A TAX RATE OF 3/4%		
	Subsection (e)	
Year	Factor	
For the determination year and each ensuing calendar year following the determination year	1/2	

COUNTIES WITH A TAX RATE OF 1.0%		
	Subsection (d)	Subsection (e)
Year	Factor	Factor
For the determination year	1/6	1/3
For the ensuing calendar year following the determination year	1/4	1/3
For the ensuing calendar year following the determination year by two (2) years	1/3	1/3

22 **(g) This subsection applies only to property taxes first due and**
23 **payable after December 31, 2007. This subsection applies only to**
24 **a civil taxing unit that is located in a county for which a county**
25 **adjusted gross income tax rate is first imposed or is increased in a**
26 **particular year under IC 6-3.5-1.1-24 or a county option income**
27 **tax rate is first imposed or is increased in a particular year under**
28 **IC 6-3.5-6-30. Notwithstanding any provision in this section or any**
29 **other section of this chapter and except as provided in subsection**
30 **(h), the maximum permissible ad valorem property tax levy**
31 **calculated under this section for the ensuing calendar year for a**
32 **civil taxing unit subject to this section is equal to the civil taxing**
33 **unit's maximum permissible ad valorem property tax levy for the**
34 **current calendar year.**

35 **(h) This subsection applies only to property taxes first due and**
36 **payable after December 31, 2007. In the case of a civil taxing unit**
37 **that:**

38 **(1) is partially located in a county for which a county adjusted**
39 **gross income tax rate is first imposed or is increased in a**
40 **particular year under IC 6-3.5-1.1-24 or a county option**
41 **income tax rate is first imposed or is increased in a particular**
42 **year under IC 6-3.5-6-30; and**

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(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (g), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 23. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad valorem property tax levy for the immediately preceding calendar year.

(b) If under subsection (a) a civil taxing unit is not subject to the levy limits imposed under section 3 of this chapter for a calendar year, the civil taxing unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for that calendar year to the local government tax control board established by section 11 of this chapter **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** before the tax levy is advertised. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall then review and make a recommendation to the department of local government finance on the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding year.

SECTION 24. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not

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1 apply to ad valorem property taxes imposed by a civil taxing unit if the
2 civil taxing unit is committed to levy the taxes to pay or fund either:

- 3 (1) bonded indebtedness; or
- 4 (2) lease rentals under a lease with an original term of at least five
- 5 (5) years.

6 (b) **This subsection does not apply to bonded indebtedness**
7 **incurred or leases executed for a capital project approved by a**
8 **county board of tax and capital projects review under IC 6-1.1-29.5**
9 **after December 31, 2008.** A civil taxing unit must file a petition
10 requesting approval from the department of local government finance
11 to incur bonded indebtedness or execute a lease with an original term
12 of at least five (5) years not later than twenty-four (24) months after the
13 first date of publication of notice of a preliminary determination under
14 IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a
15 longer period is reasonable in light of the civil taxing unit's facts and
16 circumstances. A civil taxing unit must obtain approval from the
17 department of local government finance before the civil taxing unit
18 may:

- 19 (1) incur the bonded indebtedness; or
- 20 (2) enter into the lease.

21 **Before January 1, 2009,** the department of local government finance
22 may seek recommendations from the local government tax control
23 board established by section 11 of this chapter when determining
24 whether to authorize incurring the bonded indebtedness or the
25 execution of the lease.

26 (c) The department of local government finance shall render a
27 decision within three (3) months after the date it receives a request for
28 approval under subsection (b). However, the department of local
29 government finance may extend this three (3) month period by an
30 additional three (3) months if, at least ten (10) days before the end of
31 the original three (3) month period, the department sends notice of the
32 extension to the executive officer of the civil taxing unit. A civil taxing
33 unit may petition for judicial review of the final determination of the
34 department of local government finance under this section. The petition
35 must be filed in the tax court not more than forty-five (45) days after
36 the department enters its order under this section.

37 (d) A civil taxing unit does not need approval under subsection (b)
38 to obtain temporary loans made in anticipation of and to be paid from
39 current revenues of the civil taxing unit actually levied and in the
40 course of collection for the fiscal year in which the loans are made.

41 (e) For purposes of computing the ad valorem property tax levy
42 limits imposed on a civil taxing unit by section 3 of this chapter, the

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1 civil taxing unit's ad valorem property tax levy for a calendar year does
 2 not include that part of its levy that is committed to fund or pay bond
 3 indebtedness or lease rentals with an original term of five (5) years in
 4 subsection (a).

5 (f) A taxpayer may petition for judicial review of the final
 6 determination of the department of local government finance under this
 7 section. The petition must be filed in the tax court not more than thirty
 8 (30) days after the department enters its order under this section.

9 SECTION 25. IC 6-1.1-18.5-11 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A local
 11 government tax control board is established. The board consists of nine
 12 (9) members, seven (7) of whom are voting members and two (2) of
 13 whom are nonvoting members.

14 (b) The seven (7) voting members shall be appointed as follows:

15 (1) One (1) member appointed by the state board of accounts.

16 (2) One (1) member appointed by the department of local
 17 government finance.

18 (3) Five (5) members appointed by the governor. Three (3) of the
 19 members appointed by the governor must be citizens of Indiana
 20 who do not hold a political or elective office in state or local
 21 government. The governor may seek the recommendation of
 22 representatives of the cities, towns, and counties before
 23 appointing the other two (2) members to the board.

24 (c) The two (2) nonvoting members of the board shall be appointed
 25 as follows:

26 (1) One (1) member of the house of representatives, appointed by
 27 the speaker of the house.

28 (2) One (1) member of the senate, appointed by the president pro
 29 tempore of the senate.

30 (d) All members of the local government tax control board shall
 31 serve at the will of the board or person that appointed them.

32 (e) The local government tax control board shall annually hold an
 33 organizational meeting. At this organizational meeting the board shall
 34 elect a chairman and a secretary from its membership. The board shall
 35 meet after each organizational meeting as often as its business requires.

36 (f) The department of local government finance shall provide the
 37 local government tax control board with rooms, staff, and secretarial
 38 assistance for its meetings.

39 (g) Members of the local government tax control board shall serve
 40 without compensation, except as provided in subsections (h) and (i).

41 (h) Each member of the local government tax control board who is
 42 not a state employee is entitled to receive both of the following:

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(1) The minimum salary per diem provided by IC 4-10-11-2.1(b).

(2) Reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the local government tax control board who is a state employee is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) The local government tax control board is abolished December 31, 2008.

SECTION 26. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that it cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter may:

(1) before September 20 of the calendar year immediately preceding the ensuing calendar year; or

(2) in the case of a request described in section 16 of this chapter, before:

(A) December 31 of the calendar year immediately preceding the ensuing calendar year; or

(B) with the approval of the county fiscal body of the county in which the civil taxing unit is located, March 1 of the ensuing calendar year;

appeal to the department of local government finance for relief from those levy limitations. In the appeal the civil taxing unit must state that it will be unable to carry out the governmental functions committed to it by law unless it is given the authority that it is petitioning for. The civil taxing unit must support these allegations by reasonably detailed statements of fact.

(b) The department of local government finance shall promptly deliver to the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** every appeal petition it receives under subsection (a) and any materials it receives relevant to those appeals. Upon receipt of an appeal petition, the local government tax control board **or the county board of tax and capital projects review** shall immediately

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1 proceed to the examination and consideration of the merits of the civil
2 taxing unit's appeal.

3 (c) In considering an appeal, the local government tax control board
4 **or the county board of tax and capital projects review** has the power
5 to conduct hearings, require any officer or member of the appealing
6 civil taxing unit to appear before it, or require any officer or member
7 of the appealing civil taxing unit to provide the board with any relevant
8 records or books.

9 (d) If an officer or member:

10 (1) fails to appear at a hearing of the local government tax control
11 board **or the county board of tax and capital projects review**
12 after having been given written notice from the local government
13 tax control board **or the county board of tax and capital**
14 **projects review** requiring that person's attendance; or

15 (2) fails to produce for the local government tax control board's
16 **or the county board of tax and capital projects review's** use
17 the books and records that the local government tax control board
18 **or the county board of tax and capital projects review** by
19 written notice required the officer or member to produce;

20 then the local government tax control board **or the county board of**
21 **tax and capital projects review** may file an affidavit in the circuit
22 court in the jurisdiction in which the officer or member may be found
23 setting forth the facts of the failure.

24 (e) Upon the filing of an affidavit under subsection (d), the circuit
25 court shall promptly issue a summons, and the sheriff of the county
26 within which the circuit court is sitting shall serve the summons. The
27 summons must command the officer or member to appear before the
28 local government tax control board **or the county board of tax and**
29 **capital projects review**, to provide information to the local
30 government tax control board **or the county board of tax and capital**
31 **projects review**, or to produce books and records for the local
32 government tax control board's **or the county board of tax and**
33 **capital projects review's** use, as the case may be. Disobedience of the
34 summons constitutes, and is punishable as, a contempt of the circuit
35 court that issued the summons.

36 (f) All expenses incident to the filing of an affidavit under
37 subsection (d) and the issuance and service of a summons shall be
38 charged to the officer or member against whom the summons is issued,
39 unless the circuit court finds that the officer or member was acting in
40 good faith and with reasonable cause. If the circuit court finds that the
41 officer or member was acting in good faith and with reasonable cause
42 or if an affidavit is filed and no summons is issued, the expenses shall

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1 be charged against the county in which the affidavit was filed and shall
2 be allowed by the proper fiscal officers of that county.

3 (g) The fiscal officer of a civil taxing unit that appeals under section
4 16 of this chapter for relief from levy limitations shall immediately file
5 a copy of the appeal petition with the county auditor and the county
6 treasurer of the county in which the unit is located.

7 SECTION 27. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006,
8 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section
10 12 of this chapter, the local government tax control board **(before**
11 **January 1, 2009) or the county board of tax and capital projects**
12 **review (after December 31, 2008)** may recommend that a civil taxing
13 unit receive any one (1) or more of the following types of relief:

14 (1) **A levy increase may not be granted under this subdivision**
15 **for property taxes first due and payable after December 31,**
16 **2009.** Permission to the civil taxing unit to increase its levy in
17 excess of the limitations established under section 3 of this
18 chapter, if in the judgment of the local government tax control
19 board the increase is reasonably necessary due to increased costs
20 of the civil taxing unit resulting from annexation, consolidation,
21 or other extensions of governmental services by the civil taxing
22 unit to additional geographic areas or persons.

23 (2) **A levy increase may not be granted under this subdivision**
24 **for property taxes first due and payable after December 31,**
25 **2009.** Permission to the civil taxing unit to increase its levy in
26 excess of the limitations established under section 3 of this
27 chapter, if the local government tax control board finds that the
28 civil taxing unit needs the increase to meet the civil taxing unit's
29 share of the costs of operating a court established by statute
30 enacted after December 31, 1973. Before recommending such an
31 increase, the local government tax control board shall consider all
32 other revenues available to the civil taxing unit that could be
33 applied for that purpose. The maximum aggregate levy increases
34 that the local government tax control board may recommend for
35 a particular court equals the civil taxing unit's estimate of the
36 unit's share of the costs of operating a court for the first full
37 calendar year in which it is in existence. For purposes of this
38 subdivision, costs of operating a court include:

39 (A) the cost of personal services (including fringe benefits);

40 (B) the cost of supplies; and

41 (C) any other cost directly related to the operation of the court.

42 (3) Permission to the civil taxing unit to increase its levy in excess

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of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

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1 **(4) A levy increase may not be granted under this subdivision**
 2 **for property taxes first due and payable after December 31,**
 3 **2009.** Permission to the civil taxing unit to increase its levy in
 4 excess of the limitations established under section 3 of this
 5 chapter, if the local government tax control board finds that the
 6 civil taxing unit needs the increase to pay the costs of furnishing
 7 fire protection for the civil taxing unit through a volunteer fire
 8 department. For purposes of determining a township's need for an
 9 increased levy, the local government tax control board shall not
 10 consider the amount of money borrowed under IC 36-6-6-14
 11 during the immediately preceding calendar year. However, any
 12 increase in the amount of the civil taxing unit's levy recommended
 13 by the local government tax control board under this subdivision
 14 for the ensuing calendar year may not exceed the lesser of:

15 (A) ten thousand dollars (\$10,000); or

16 (B) twenty percent (20%) of:

17 (i) the amount authorized for operating expenses of a
 18 volunteer fire department in the budget of the civil taxing
 19 unit for the immediately preceding calendar year; plus

20 (ii) the amount of any additional appropriations authorized
 21 during that calendar year for the civil taxing unit's use in
 22 paying operating expenses of a volunteer fire department
 23 under this chapter; minus

24 (iii) the amount of money borrowed under IC 36-6-6-14
 25 during that calendar year for the civil taxing unit's use in
 26 paying operating expenses of a volunteer fire department.

27 **(5) A levy increase may not be granted under this subdivision**
 28 **for property taxes first due and payable after December 31,**
 29 **2009.** Permission to a civil taxing unit to increase its levy in
 30 excess of the limitations established under section 3 of this
 31 chapter in order to raise revenues for pension payments and
 32 contributions the civil taxing unit is required to make under
 33 IC 36-8. The maximum increase in a civil taxing unit's levy that
 34 may be recommended under this subdivision for an ensuing
 35 calendar year equals the amount, if any, by which the pension
 36 payments and contributions the civil taxing unit is required to
 37 make under IC 36-8 during the ensuing calendar year exceeds the
 38 product of one and one-tenth (1.1) multiplied by the pension
 39 payments and contributions made by the civil taxing unit under
 40 IC 36-8 during the calendar year that immediately precedes the
 41 ensuing calendar year. For purposes of this subdivision, "pension
 42 payments and contributions made by a civil taxing unit" does not

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1 include that part of the payments or contributions that are funded
2 by distributions made to a civil taxing unit by the state.

3 **(6) A levy increase may not be granted under this subdivision**
4 **for property taxes first due and payable after December 31,**
5 **2009.** Permission to increase its levy in excess of the limitations
6 established under section 3 of this chapter if the local government
7 tax control board finds that:

8 (A) the township's township assistance ad valorem property
9 tax rate is less than one and sixty-seven hundredths cents
10 (\$0.0167) per one hundred dollars (\$100) of assessed
11 valuation; and

12 (B) the township needs the increase to meet the costs of
13 providing township assistance under IC 12-20 and IC 12-30-4.

14 The maximum increase that the board may recommend for a
15 township is the levy that would result from an increase in the
16 township's township assistance ad valorem property tax rate of
17 one and sixty-seven hundredths cents (\$0.0167) per one hundred
18 dollars (\$100) of assessed valuation minus the township's ad
19 valorem property tax rate per one hundred dollars (\$100) of
20 assessed valuation before the increase.

21 **(7) A levy increase may not be granted under this subdivision**
22 **for property taxes first due and payable after December 31,**
23 **2009.** Permission to a civil taxing unit to increase its levy in
24 excess of the limitations established under section 3 of this
25 chapter if:

26 (A) the increase has been approved by the legislative body of
27 the municipality with the largest population where the civil
28 taxing unit provides public transportation services; and

29 (B) the local government tax control board finds that the civil
30 taxing unit needs the increase to provide adequate public
31 transportation services.

32 The local government tax control board shall consider tax rates
33 and levies in civil taxing units of comparable population, and the
34 effect (if any) of a loss of federal or other funds to the civil taxing
35 unit that might have been used for public transportation purposes.
36 However, the increase that the board may recommend under this
37 subdivision for a civil taxing unit may not exceed the revenue that
38 would be raised by the civil taxing unit based on a property tax
39 rate of one cent (\$0.01) per one hundred dollars (\$100) of
40 assessed valuation.

41 **(8) A levy increase may not be granted under this subdivision**
42 **for property taxes first due and payable after December 31,**

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2009. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31,

2009. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds

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that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the

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township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2009. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its

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1 **governmental functions for an ensuing calendar year under**
 2 **the levy limitations imposed by section 3 of this chapter.**

3 SECTION 28. IC 6-1.1-18.5-13.5 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. **A levy increase**
 5 **may not be granted under this section for property taxes first due**
 6 **and payable after December 31, 2009.** With respect to an appeal filed
 7 under section 12 of this chapter, the local government tax control board
 8 may recommend that the department of local government finance give
 9 permission to a town having a population of more than three hundred
 10 seventy-five (375) but less than five hundred (500) located in a county
 11 having a population of more than seventy-one thousand (71,000) but
 12 less than seventy-one thousand four hundred (71,400) to increase its
 13 levy in excess of the limitations established under section 3 of this
 14 chapter, if the local government tax control board finds that the town
 15 needs the increase to pay the costs of furnishing fire protection for the
 16 town. However, any increase in the amount of the town's levy
 17 recommended by the local government tax control board under this
 18 section for the ensuing calendar year may not exceed the greater of:

19 (1) twenty-five thousand dollars (\$25,000); or

20 (2) twenty percent (20%) of the sum of:

21 (A) the amount authorized for the cost of furnishing fire
 22 protection in the town's budget for the immediately preceding
 23 calendar year; plus

24 (B) the amount of any additional appropriations authorized
 25 under IC 6-1.1-18-5 during that calendar year for the town's
 26 use in paying the costs of furnishing fire protection.

27 SECTION 29. IC 6-1.1-18.5-13.6 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.6. **A levy increase**
 29 **may not be granted under this section for property taxes first due**
 30 **and payable after December 31, 2009.** For an appeal filed under
 31 section 12 of this chapter, the local government tax control board may
 32 recommend that the department of local government finance give
 33 permission to a county to increase its levy in excess of the limitations
 34 established under section 3 of this chapter if the local government tax
 35 control board finds that the county needs the increase to pay for:

36 (1) a new voting system; or

37 (2) the expansion or upgrade of an existing voting system;

38 under IC 3-11-6.

39 SECTION 30. IC 6-1.1-18.5-14 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local
 41 government tax control board **(before January 1, 2009) or the county**
 42 **board of tax and capital projects review (after December 31, 2008)**

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1 may recommend to the department of local government finance a
 2 correction of any advertising error, mathematical error, or error in data
 3 made at the local level for any calendar year that affects the
 4 determination of the limitations established by section 3 of this chapter
 5 or the tax rate or levy of a civil taxing unit. The department of local
 6 government finance may on its own initiative correct such an
 7 advertising error, mathematical error, or error in data for any civil
 8 taxing unit.

9 (b) A correction made under subsection (a) for a prior calendar year
 10 shall be applied to the civil taxing unit's levy limitations, rate, and levy
 11 for the ensuing calendar year to offset any cumulative effect that the
 12 error caused in the determination of the civil taxing unit's levy
 13 limitations, rate, or levy for the ensuing calendar year.

14 SECTION 31. IC 6-1.1-18.5-15 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department
 16 of local government finance, upon receiving a recommendation made
 17 under section 13 or 14 of this chapter, shall enter an order adopting,
 18 rejecting, or adopting in part and rejecting in part the recommendation
 19 of the local government tax control board **(before January 1, 2009) or**
 20 **the county board of tax and capital projects review (after**
 21 **December 31, 2008).**

22 (b) A civil taxing unit may petition for judicial review of the final
 23 determination of the department of local government finance under
 24 subsection (a). The action must be taken to the tax court under
 25 IC 6-1.1-15 in the same manner that an action is taken to appeal a final
 26 determination of the Indiana board. The petition must be filed in the tax
 27 court not more than forty-five (45) days after the department enters its
 28 order under subsection (a).

29 SECTION 32. IC 6-1.1-18.5-16 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A civil taxing
 31 unit may request permission from the local government tax control
 32 board **(before January 1, 2009) or the county board of tax and**
 33 **capital projects review (after December 31, 2008)** to impose an ad
 34 valorem property tax levy that exceeds the limits imposed by section 3
 35 of this chapter if:

- 36 (1) the civil taxing unit experienced a property tax revenue
 37 shortfall that resulted from erroneous assessed valuation figures
 38 being provided to the civil taxing unit;
- 39 (2) the erroneous assessed valuation figures were used by the civil
 40 taxing unit in determining its total property tax rate; and
- 41 (3) the error in the assessed valuation figures was found after the
 42 civil taxing unit's property tax levy resulting from that total rate

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1 was finally approved by the department of local government
2 finance.

3 (b) A civil taxing unit may request permission from the local
4 government tax control board **(before January 1, 2009) or the county**
5 **board of tax and capital projects review (after December 31, 2008)**
6 to impose an ad valorem property tax levy that exceeds the limits
7 imposed by section 3 of this chapter if the civil taxing unit experienced
8 a property tax revenue shortfall because of the payment of refunds that
9 resulted from appeals under this article and IC 6-1.5.

10 (c) If the local government tax control board **(before January 1,**
11 **2009) or the county board of tax and capital projects review (after**
12 **December 31, 2008)** determines that a shortfall described in subsection
13 (a) or (b) has occurred, it shall recommend to the department of local
14 government finance that the civil taxing unit be allowed to impose a
15 property tax levy exceeding the limit imposed by section 3 of this
16 chapter, and the department may adopt such recommendation.
17 However, the maximum amount by which the civil taxing unit's levy
18 may be increased over the limits imposed by section 3 of this chapter
19 equals the remainder of the civil taxing unit's property tax levy for the
20 particular calendar year as finally approved by the department of local
21 government finance minus the actual property tax levy collected by the
22 civil taxing unit for that particular calendar year.

23 (d) Any property taxes collected by a civil taxing unit over the limits
24 imposed by section 3 of this chapter under the authority of this section
25 may not be treated as a part of the civil taxing unit's maximum
26 permissible ad valorem property tax levy for purposes of determining
27 its maximum permissible ad valorem property tax levy for future years.

28 (e) If the department of local government finance authorizes an
29 excess tax levy under this section, it shall take appropriate steps to
30 insure that the proceeds are first used to repay any loan made to the
31 civil taxing unit for the purpose of meeting its current expenses.

32 SECTION 33. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006,
33 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2007]: Sec. 3.2. If a sufficient petition requesting the
35 application of a petition and remonstrance process has been filed as set
36 forth in section 3.1 of this chapter, a political subdivision may not
37 impose property taxes to pay debt service or lease rentals without
38 completing the following procedures:

39 (1) The proper officers of the political subdivision shall give
40 notice of the applicability of the petition and remonstrance
41 process by:

42 (A) publication in accordance with IC 5-3-1; and

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1 (B) first class mail to the organizations described in section
 2 3.1(1)(B) of this chapter.
 3 A notice under this subdivision must include a statement that any
 4 owners of real property within the political subdivision who want
 5 to petition in favor of or remonstrate against the proposed debt
 6 service or lease payments must file petitions and remonstrances
 7 in compliance with subdivisions (2) through (4) not earlier than
 8 thirty (30) days or later than sixty (60) days after publication in
 9 accordance with IC 5-3-1.
 10 (2) Not earlier than thirty (30) days or later than sixty (60) days
 11 after the notice under subdivision (1) is given:
 12 (A) petitions (described in subdivision (3)) in favor of the
 13 bonds or lease; and
 14 (B) remonstrances (described in subdivision (3)) against the
 15 bonds or lease;
 16 may be filed by an owner or owners of real property within the
 17 political subdivision. Each signature on a petition must be dated
 18 and the date of signature may not be before the date on which the
 19 petition and remonstrance forms may be issued under subdivision
 20 (3). A petition described in clause (A) or a remonstrance
 21 described in clause (B) must be verified in compliance with
 22 subdivision (4) before the petition or remonstrance is filed with
 23 the county auditor under subdivision (4).
 24 (3) The state board of accounts shall design and, upon request by
 25 the county auditor, deliver to the county auditor or the county
 26 auditor's designated printer the petition and remonstrance forms
 27 to be used solely in the petition and remonstrance process
 28 described in this section. The county auditor shall issue to an
 29 owner or owners of real property within the political subdivision
 30 the number of petition or remonstrance forms requested by the
 31 owner or owners. Each form must be accompanied by instructions
 32 detailing the requirements that:
 33 (A) the carrier and signers must be owners of real property;
 34 (B) the carrier must be a signatory on at least one (1) petition;
 35 (C) after the signatures have been collected, the carrier must
 36 swear or affirm before a notary public that the carrier
 37 witnessed each signature;
 38 (D) govern the closing date for the petition and remonstrance
 39 period; and
 40 (E) apply to the carrier under section 10 of this chapter.
 41 Persons requesting forms may not be required to identify
 42 themselves and may be allowed to pick up additional copies to

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1 distribute to other property owners. The county auditor may not
 2 issue a petition or remonstrance form earlier than twenty-nine
 3 (29) days after the notice is given under subdivision (1). The
 4 county auditor shall certify the date of issuance on each petition
 5 or remonstrance form that is distributed under this subdivision.

6 (4) The petitions and remonstrances must be verified in the
 7 manner prescribed by the state board of accounts and filed with
 8 the county auditor within the sixty (60) day period described in
 9 subdivision (2) in the manner set forth in section 3.1 of this
 10 chapter relating to requests for a petition and remonstrance
 11 process.

12 (5) The county auditor must file a certificate and the petition or
 13 remonstrance with the body of the political subdivision charged
 14 with issuing bonds or entering into leases within fifteen (15)
 15 business days of the filing of a petition or remonstrance under
 16 subdivision (4), whichever applies, containing ten thousand
 17 (10,000) signatures or less. The county auditor may take an
 18 additional five (5) days to review and certify the petition or
 19 remonstrance for each additional five thousand (5,000) signatures
 20 up to a maximum of sixty (60) days. The certificate must state the
 21 number of petitioners and remonstrators that are owners of real
 22 property within the political subdivision.

23 (6) If a greater number of owners of real property within the
 24 political subdivision sign a remonstrance than the number that
 25 signed a petition, the bonds petitioned for may not be issued or
 26 the lease petitioned for may not be entered into. The proper
 27 officers of the political subdivision may not make a preliminary
 28 determination to issue bonds or enter into a lease for the
 29 controlled project defeated by the petition and remonstrance
 30 process under this section or any other controlled project that is
 31 not substantially different within one (1) year after the date of the
 32 county auditor's certificate under subdivision (5). Withdrawal of
 33 a petition carries the same consequences as a defeat of the
 34 petition.

35 (7) After a political subdivision has gone through the petition and
 36 remonstrance process set forth in this section, the political
 37 subdivision is not required to follow any other remonstrance or
 38 objection procedures under any other law (including section 5 of
 39 this chapter) relating to bonds or leases designed to protect
 40 owners of real property within the political subdivision from the
 41 imposition of property taxes to pay debt service or lease rentals.
 42 However, the political subdivision must still receive the approval

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of the department of local government finance **if** required by:

(A) IC 6-1.1-18.5-8; or

(B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

SECTION 34. IC 6-1.1-20-3.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.4. (a) Notwithstanding any other provision of this chapter, the executive of a political subdivision may initiate the petition and remonstrance process under this chapter for the approval or disapproval of a proposed capital project of the political subdivision that has been disapproved under IC 6-1.1-29.5 by the county board of tax and capital projects review.**

(b) The executive of a political subdivision may initiate the petition and remonstrance process under this chapter for a proposed capital project that has been disapproved by the county board of tax and capital projects review by giving notice of the applicability of the petition and remonstrance process as provided in section 3.2(1) of this chapter not more than sixty (60) days after the county board of tax and capital projects review disapproves the proposed capital project.

(c) Section 3.2 of this chapter applies to a petition and remonstrance process initiated under this section. However, a sufficient petition requesting the application of a petition and remonstrance process is not required to be filed as set forth in section 3.1 of this chapter before the executive of a political subdivision may initiate the petition and remonstrance process as provided in this section.

(d) If the number of owners of real property within the political subdivision and registered voters residing within the political subdivision that sign a petition in favor of the proposed capital project is greater than the number of owners of real property within the political subdivision and registered voters residing within the political subdivision that sign a remonstrance against the proposed capital project, the political subdivision may undertake the proposed capital project, notwithstanding the disapproval of the proposed capital project by the county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 35. IC 6-1.1-20-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5. (a) Except as provided by subsection (c), when the proper officers of a political subdivision decide to issue bonds in a total amount which exceeds five thousand dollars (\$5,000), they shall give notice of the decision by:**

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(1) posting; and

(2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4. The decision to issue bonds may be a preliminary decision.

(b) Ten (10) or more taxpayers who will be affected by the proposed issuance of the bonds and who wish to object to the issuance on the grounds that it is unnecessary or excessive may file a petition in the office of the auditor of the county in which the political subdivision is located. The petition must be filed within fifteen (15) days after the notice required by subsection (a) is given, and it must contain the objections of the taxpayers and facts which show that the proposed issue is unnecessary or excessive. When taxpayers file a petition in the manner prescribed in this subsection, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department of local government finance.

(c) This section does not apply to bonds issued for a capital project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 36. IC 6-1.1-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a) This section does not apply to bonds, notes, or warrants issued for a capital project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.**

(b) When the proper officers of a political subdivision decide to issue any bonds, notes, or warrants which will be payable from property taxes and which will bear interest in excess of eight percent (8%) per annum, the political subdivision shall submit the matter to the department of local government finance for review. The department of local government finance may either approve or disapprove the rate of interest.

SECTION 37. IC 6-1.1-20.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 20.1. Property Tax Reduction Trust Fund

Sec. 1. As used in this chapter, "fund" means the property tax reduction trust fund established by section 2 of this chapter.

Sec. 2. (a) The property tax reduction trust fund is established.

(b) The fund consists of the following:

(1) Any initial licence fees paid to the state for a license to conduct slot machine gambling games at racetracks.

(2) Any wagering taxes imposed on the adjusted gross receipts

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1 from the conducting of slot machine gambling games at
2 racetracks.

3 (3) Any riverboat admissions taxes under IC 4-33-12-6 that
4 would otherwise be paid to the Indiana horse racing
5 commission but are instead replaced because of payments
6 dedicated to purses, breed development, and horsemen's
7 associations by persons licensed to conduct slot machine
8 gambling games at racetracks.

9 (c) Money may not be transferred, assigned, or otherwise
10 removed from the fund by the state board of finance, the budget
11 agency, or any other state agency except as provided in this section.

12 (d) Money in the fund at the end of a state fiscal year does not
13 revert to the state general fund.

14 (e) The treasurer of state shall invest the money in the fund not
15 currently needed to meet the obligations of the fund in the same
16 manner as other public money may be invested. Interest that
17 accrues from these investments shall be deposited in the fund.

18 (f) Money in the fund is appropriated continuously for the
19 purposes stated in section 3 of this chapter.

20 Sec. 3. Money in the fund may be used only for the following
21 purposes:

22 (1) Money in the fund shall be used to pay the cost of
23 increasing the state homestead credit under IC 6-1.1-20.9 in
24 2007 from 20% to 28%. Notwithstanding IC 6-1.1-20.9, if
25 initial license fees for a license to conduct slot machine
26 gambling games at racetracks are deposited into the fund in
27 2007, the homestead credit percentage in IC 6-1.1-20.9-2 is
28 increased from 20% to 28% for 2007. The department of local
29 government finance shall take the actions necessary to apply
30 the increased homestead credit. If a taxpayer pays more
31 property taxes first due and payable in 2007 than are required
32 after application of the increased homestead credit, the
33 overpayment shall be refunded to the taxpayer or credited
34 against the taxpayer's spring installment for property taxes
35 first due and payable in 2008, as determined by the
36 department of local government finance.

37 (2) Beginning in 2008, money in the fund shall be transferred
38 to the state general fund to pay one-half (1/2) of the cost to the
39 state of:

40 (A) providing homestead credits under IC 6-1.1-20.9; and

41 (B) making payments to school corporations and counties
42 to replace:

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- (i) the growth in school corporation tuition support property tax levies;
- (ii) the growth in costs incurred by counties for the incarceration of juvenile offenders; and
- (iii) one-half (1/2) of the growth in county family and children's fund property tax levies.

The budget agency shall each year determine the amount of money that must be transferred from the fund to the state general fund to pay the costs described in this subdivision.

(3) Beginning in 2008, money in the fund shall be transferred to the state general fund in an amount, as calculated by the budget agency, that is equal to the revenue loss (if any) resulting from a statutory change providing that the riverboat wagering tax under IC 4-33-13 is not considered a tax based on or measured by income and is not required to be added back to federal taxable income to determine Indiana adjusted gross income.

(4) Beginning in 2008, money in the fund shall be transferred to the state general fund in an amount, as calculated by the budget agency, that is equal to the amount (if any) by which riverboat wagering tax collected under IC 4-33-13 for a state fiscal year is less than the riverboat wagering tax collected under IC 4-33-13 for the state fiscal year ending in 2007.

SECTION 38. IC 6-1.1-20.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 20.3. Distressed Political Subdivisions

Sec. 1. As used in this chapter, "circuit breaker board" refers to the circuit breaker relief appeal board established by section 4 of this chapter.

Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision that will have the political subdivision's property tax collections reduced by at least two percent (2%) in a calendar year as a result of the application of the credit under IC 6-1.1-20.6 for that calendar year.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. (a) The circuit breaker relief appeal board is established.

(b) The circuit breaker relief appeal board consists of the following members:

- (1) The director of the office of management and budget or the director's designee. The director or the director's designee

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shall serve as chairperson of the circuit breaker relief appeal board.

(2) The commissioner of the department of local government finance or the commissioner's designee.

(3) The commissioner of the department of state revenue or the commissioner's designee.

(4) The state examiner of the state board of accounts or the state examiner's designee.

(5) The following members appointed by the governor:

(A) One (1) member appointed from nominees submitted by the Indiana Association of Cities and Towns.

(B) One (1) member appointed from nominees submitted by the Association of Indiana Counties.

(C) One (1) member appointed from nominees submitted by the Indiana Association of School Superintendents.

(D) One (1) member appointed from nominees submitted by the Indiana Library Federation.

(E) One (1) member appointed from nominees submitted by the Indiana Township Association.

A member nominated and appointed under this subdivision must be an elected official of a political subdivision.

(c) The members appointed under subsection (b)(5) serve at the pleasure of the governor.

(d) Each member of the commission is entitled to reimbursement for:

(1) traveling expenses as provided under IC 4-13-1-4; and

(2) other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 5. (a) The department of local government finance shall provide the circuit breaker board with the staff and assistance that the circuit breaker board reasonably requires.

(b) The department of local government finance shall provide from the department's budget funding to support the circuit breaker board's duties under this chapter.

(c) The circuit breaker board may contract with accountants, financial experts, and other advisors and consultants as necessary to carry out the circuit breaker board's duties under this chapter.

Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the governing body of a county containing a distressed political subdivision (or two (2) or more distressed political

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subdivisions acting jointly) may petition the circuit breaker board for relief as authorized under this chapter from the application of the credit under IC 6-1.1-20.6 for a calendar year.

(b) A petition under subsection (a) must include a proposed financial plan for political subdivisions in the county. The proposed financial plan must include the following:

(1) Proposed budgets that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.

(2) Proposed efficiencies, consolidations, cost reductions, uses of alternative or additional revenues, or other actions that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.

(c) The circuit breaker board may adopt procedures governing the timing and required content of a petition under subsection (a).

Sec. 7. (a) If a county (or two (2) or more distressed political subdivisions acting jointly) submits a petition under section 6 of this chapter, the circuit breaker board shall review the petition and assist in establishing a financial plan for political subdivisions in the county.

(b) In reviewing a petition submitted under section 6 of this chapter, the circuit breaker board:

(1) shall consider:

(A) the proposed financial plan;

(B) comparisons to similarly situated political subdivisions;

(C) the existing revenue and expenditures of political subdivisions in the county; and

(D) any other factor considered relevant by the circuit breaker board; and

(2) may establish subcommittees or temporarily appoint nonvoting members to the circuit breaker board to assist in the review.

Sec. 8. (a) The circuit breaker board may authorize relief as provided in subsection (b) from the application of the credit under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county has adopted a resolution agreeing to the terms of the financial plan.

(b) If the conditions of subsection (a) are satisfied, the circuit breaker board may, notwithstanding IC 6-1.1-20.6, do either of the following:

(1) Increase uniformly in the county the percentage threshold (specified as a percentage of gross assessed value) at which the

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credit under IC 6-1.1-20.6-7 applies to a person's property tax liability.

(2) Provide for a uniform percentage reduction to credits otherwise provided under IC 6-1.1-20.6-7 in the county.

(c) If the circuit breaker board provides relief described in subsection (b) in a county, the circuit breaker board shall conduct audits and reviews as necessary to determine whether the political subdivisions in the county are abiding by the terms of financial plan agreed to under subsection (a).

SECTION 39. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In the case of a credit authorized under section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's qualified residential property located in the county; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's qualified residential property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.

(b) In the case of a credit provided by section 6.5(c) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property located in the county; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's real property and personal property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the real property and personal property for property taxes first due and payable in that calendar year: equal to the following:

(A) In the case of property tax liability attributable to the person's qualified homestead (as defined in IC 6-1.1-20.9-1) property, the amount of the credit is the amount by which the person's property tax liability

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1 attributable to the person's qualified homestead property
 2 for property taxes first due and payable in that calendar
 3 year exceeds two percent (2%) of the gross assessed value
 4 that is the basis for determination of property taxes on the
 5 qualified homestead property for property taxes first due
 6 and payable in that calendar year.

7 **(B) In the case of property tax liability attributable to**
 8 **property other than qualified homestead property, the**
 9 **amount of the credit is the amount by which the person's**
 10 **property tax liability attributable to the person's real**
 11 **property (other than qualified homestead property) and**
 12 **personal property for property taxes first due and payable**
 13 **in that calendar year exceeds three percent (3%) of the**
 14 **gross assessed value that is the basis for determination of**
 15 **property taxes on the real property (other than qualified**
 16 **homestead property) and personal property for property**
 17 **taxes first due and payable in that calendar year.**

18 SECTION 40. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006,
 19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 UPON PASSAGE]: Sec. 2. (a) Except as otherwise provided in section
 21 5 of this chapter, an individual who on March 1 of a particular year
 22 either owns or is buying a homestead under a contract that provides the
 23 individual is to pay the property taxes on the homestead is entitled each
 24 calendar year to a credit against the property taxes which the individual
 25 pays on the individual's homestead. However, only one (1) individual
 26 may receive a credit under this chapter for a particular homestead in a
 27 particular year.

28 (b) The amount of the credit to which the individual is entitled
 29 equals the product of:

- 30 (1) the percentage prescribed in subsection (d); multiplied by
 31 (2) the amount of the individual's property tax liability, as that
 32 term is defined in IC 6-1.1-21-5, which: ~~is:~~

33 (A) ~~is~~ attributable to the homestead during the particular
 34 calendar year; and

35 **(B) in the case of property taxes first due and payable**
 36 **before January 1, 2008, is** determined after the application of
 37 the property tax replacement credit under IC 6-1.1-21.

38 (c) For purposes of determining that part of an individual's property
 39 tax liability that is attributable to the individual's homestead, all
 40 deductions from assessed valuation which the individual claims under
 41 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
 42 homestead is located must be applied first against the assessed value

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of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20% 28%
2008	4%
2009	3%
2010	2%
2011	1%

If initial licensing fees are not received in 2007 from licensees authorized to conduct slot machine gambling games at racetracks, the homestead credit percentage for 2007 shall be twenty percent (20%) instead of twenty-eight percent (28%). No homestead credits under this chapter are payable after 2011. However, in the case of property taxes first due and payable before January 1, 2008, the property tax replacement fund board established under IC 6-1.1-21-10 shall increase the percentage of the credit provided in the schedule for any year if the budget agency determines that an increase is necessary to provide the minimum tax relief authorized under IC 6-1.1-21-2.5. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board must increase the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.



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(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

(h) Each year after 2007, the department of local government finance shall certify to the department of state revenue the amount of homestead credits provided under this chapter that are allowed by the county for the particular calendar year. The department of local government finance shall make the certification based on the best information available at the time the certification is made. Each year after 2007, the department of state revenue shall allocate from the state general fund an amount equal to the total amount of homestead tax credits that are provided under this chapter and allowed by each county for that year.

(i) Except as otherwise provided, the provisions in IC 6-1.1-21 as in existence on December 31, 2007, concerning:

- (1) allocation, distribution, and payments of homestead credits;**
- (2) settlement and final distribution of homestead credits;**
- (3) application of homestead credits; and**
- (4) refunds and changes in the tax liability of a taxpayer, as applicable to homestead credits;**

continue to apply to homestead credits after December 31, 2007, notwithstanding the repeal of certain sections of IC 6-1.1-21 on January 1, 2008.

SECTION 41. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006, SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special

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assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed *on or before March 1* of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county) *(before its repeal)*; minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt

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incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special education preschool fund; plus

(vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible ~~general fund~~ tuition support levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 (*before its repeal*) or IC 20-46-4-10 for an increase in a school

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corporation's maximum permissible ~~general~~ transportation
fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school
corporation that is attributable to the passage, after 1983, of a
referendum for an excessive tax levy under ~~IC 6-1.1-19~~
IC 6-1.1-19-4.5 (before its repeal), including any increases in
these property taxes that are attributable to the adjustment set
forth in *IC 6-1.1-19-1.5 (before its repeal)*, *IC 20-45-3*, or any
other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in *IC 6-1.1-18.5-19(a)*
STEP THREE (as effective January 1, 1990) or
IC 6-1.1-18.5-19(b) STEP THREE (as effective January 1,
1990), whichever is applicable, plus the part, if any, of the
township's ad valorem property tax levy for calendar year
1989 that represents increases in that levy that resulted from
an appeal described in *IC 6-1.1-18.5-13(4) (as effective*
before January 1, 1989), filed after December 31, 1982; or
(ii) the amount of property taxes imposed in the township for
the stated assessment year under the authority of
IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory
established under *IC 36-8-19-1*, the amount of property taxes
levied by each participating unit under *IC 36-8-19-8* and
IC 36-8-19-8.5 less the maximum levy limit for each of the
participating units that would have otherwise been available
for fire protection services under *IC 6-1.1-18.5-3* and
IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for
the repayment of loans under *IC 12-19-5-6 (repealed)* that is
included in the amount determined under *IC 12-19-7-4(a)*
STEP SEVEN (as effective January 1, 1995) for property
taxes payable in 1995, or for property taxes payable in each
year after 1995, the amount determined under
IC 12-19-7-4(b) (as effective before March 16, 2004) and
IC 12-19-7-4 (as effective after March 15, 2004); and
(ii) the amount of property taxes imposed in the county
attributable to appeals granted under *IC 6-1.1-18.6-3 (before*
its repeal) that is included in the amount determined under
IC 12-19-7-4(a) STEP SEVEN (as effective January 1,
1995) for property taxes payable in 1995, or the amount

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determined under IC 12-19-7-4(b) *(as effective before March 16, 2004)* and IC 12-19-7-4 *(as effective after March 15, 2004)* for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes ~~which that~~ each county auditor is required to prepare ~~on or before March 1 of~~ each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following **for property taxes first due and payable before January 1, 2008:**

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

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(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means, except as otherwise provided by law, the sum of the following **for property taxes first due and payable before January 1, 2008:**

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) "Board" refers to the property tax replacement fund board established under section 10 of this chapter.

SECTION 42. IC 6-1.1-21.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.1. State Property Tax Replacement Amount

Sec. 1. (a) The department of local government finance shall before August 1, 2007, determine for each county the percentage in STEP THREE of the following formula:

STEP ONE: Determine the total amount of state-paid property tax replacement credits under IC 6-1.1-21 and state-paid homestead credits under IC 6-1.1-20.9 that are provided to all taxing units in the county in 2007.

STEP TWO: Determine the sum of the STEP ONE amounts for all counties.

STEP THREE: Divide the result determined for the county in STEP ONE by the STEP TWO result.

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(b) The department shall make the determinations under subsection (a) based on the best information available at the time the determinations are made.

Sec. 2. (a) Each year the budget agency shall determine the sum of the following:

(1) One billion one hundred twenty-one million seven hundred thousand dollars (\$1,121,700,000).

(2) An amount equal to the net amount of revenue, after deducting collection allowances and refunds, that the budget agency estimates will be collected in the following calendar year from the part of the gross retail and use tax rate imposed under IC 6-2.5 equal to one percent (1%).

The estimate made under this subsection must be consistent with the latest technical forecast of state revenues that is prepared for distribution to the general assembly and the public and available to the budget agency at the time that the estimate is made.

(b) The budget agency shall before August 1 of each year determine for each county the result of:

(1) the amount determined in that year under subsection (a); multiplied by

(2) the percentage determined in 2007 for the county under section 1 of this chapter.

(c) The amount determined under subsection (b) is the county's state property tax replacement amount for the following calendar year.

SECTION 43. IC 6-1.1-21.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.3. Tax Increment Replacement for School Tuition Support Levies

Sec. 1. (a) This chapter applies to an allocation area established before January 1, 2008.

(b) This chapter does not apply to the part of an allocation area described under subsection (a) that is expanded after December 31, 2007.

Sec. 2. Except as otherwise provided, the definitions in IC 36 apply throughout this chapter.

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

(1) IC 6-1.1-39.

(2) IC 8-22-3.5.

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- (3) IC 36-7-14.
- (4) IC 36-7-14.5.
- (5) IC 36-7-15.1.
- (6) IC 36-7-30.
- (7) IC 36-7-32.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as that term is defined or used in:

- (1) IC 6-1.1-39-5;
- (2) IC 8-22-3.5-9;
- (3) IC 36-7-14-39;
- (4) IC 36-7-14-39.3;
- (5) IC 36-7-15.1-26;
- (6) IC 36-7-15.1-26.2;
- (7) IC 36-7-15.1-35;
- (8) IC 36-7-15.1-53;
- (9) IC 36-7-15.1-55;
- (10) IC 36-7-30-25;
- (11) IC 36-7-30-26; or
- (12) IC 36-7-32-4.

Sec. 5. As used in this chapter, "district" refers to:

- (1) an economic development district under IC 6-1.1-39;
- (2) an eligible entity (as defined in IC 8-22-3.5-2.5);
- (3) a redevelopment district, for an allocation area established under:
 - (A) IC 36-7-14;
 - (B) IC 36-7-15.1; or
 - (C) IC 36-7-32; or
- (4) a special taxing district, as described in:
 - (A) IC 36-7-14.5-12.5(d); or
 - (B) IC 36-7-30-3(b).

Sec. 6. As used in this chapter, "governing body" means the following:

- (1) For an allocation area created under IC 6-1.1-39, the fiscal body that established the economic development district.
- (2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).
- (3) For an allocation area created under IC 36-7-14, the redevelopment commission.
- (4) For an allocation area created under IC 36-7-14.5, the redevelopment authority.
- (5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission.

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(6) For an allocation area created under IC 36-7-30, the military base reuse authority.

(7) For an allocation area created under IC 36-7-32, the redevelopment commission.

Sec. 7. As used in this chapter, "property taxes" means:

(1) property taxes, as used or defined in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.3(c);

(D) IC 36-7-15.1-26(a);

(E) IC 36-7-15.1-26.2(c);

(F) IC 36-7-15.1-53(a);

(G) IC 36-7-15.1-55(c);

(H) IC 36-7-30-25(a)(3);

(I) IC 36-7-30-26(c); or

(J) IC 36-7-32-17; or

(2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 8. As used in this chapter, "special fund" means:

(1) the special funds referred to in IC 6-1.1-39-5(a);

(2) the special funds referred to in IC 8-22-3.5-9(e);

(3) the allocation fund referred to in IC 36-7-14-39(b)(2);

(4) the allocation fund referred to in IC 36-7-14.5-12.5(d);

(5) the special fund referred to in IC 36-7-15.1-26(b)(2);

(6) the special fund referred to in IC 36-7-15.1-53(b)(2);

(7) the allocation fund referred to in IC 36-7-30-25(b)(2); or

(8) the certified technology park fund referred to in IC 36-7-32-17.

Sec. 9. As used in this chapter, "tax increment replacement amount" means the tax increment replacement amount determined under section 11 of this chapter.

Sec. 10. As used in this chapter, "tax increment revenues" means the property taxes attributable to the assessed value of property in excess of the base assessed value.

Sec. 11. (a) Not later than September 1 of a year in which a general reassessment does not become effective, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year. In a year in which a general reassessment becomes effective, the department of local government finance may extend the deadline under this subsection by giving written notice to the governing body before the deadline.

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1 (b) The tax increment replacement amount is the amount
2 determined in STEP THREE of the following formula:

3 STEP ONE: The governing body shall estimate the amount of
4 tax increment revenues the governing body would receive in
5 the next calendar year if the property taxes with respect to the
6 tuition support levies imposed by all school corporations in
7 the allocation area were determined under IC 20-45 as in
8 effect January 1, 2007.

9 STEP TWO: The governing body shall estimate the amount
10 of tax increment revenues the governing body will receive in
11 the next calendar year after the reduction or elimination of
12 tuition support levies under IC 20-45-3-11(b) through
13 IC 20-45-3-11(c) for all school corporations in the allocation
14 area.

15 STEP THREE: Subtract the STEP TWO amount from the
16 STEP ONE amount.

17 Sec. 12. (a) A tax is imposed each year on all taxable property
18 in the district in which the governing body exercises jurisdiction.

19 (b) Except as provided in subsections (c) and (d), the tax
20 imposed under this section shall be automatically imposed at a rate
21 sufficient to generate the tax increment replacement amount
22 determined under section 11(b) of this chapter for that year.

23 (c) The legislative body of the unit that established the district
24 may:

25 (1) reduce the amount of the tax to be levied under this
26 section; or

27 (2) determine that a tax should not be levied under this
28 section.

29 (d) This subsection applies to a district in which the total
30 assessed value of all allocation areas in the district is greater than
31 ten percent (10%) of the total assessed value of the district. Except
32 as provided in section 14(d) of this chapter, a tax levy imposed
33 under this section may not exceed the lesser of:

34 (1) the tax increment replacement amount; or

35 (2) the amount that will result from the imposition of a rate
36 for the tax levy that the department of local government
37 finance estimates will cause the total tax rate in the district to
38 be one hundred ten percent (110%) of the rate that would
39 apply if the tax levy authorized by this chapter were not
40 imposed for the year.

41 Sec. 13. (a) A district described in section 12(d) of this chapter
42 may appeal to the department of local government finance for a

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1 distribution from the state general fund if the district has imposed
2 the maximum tax levy permissible under section 12(d) of this
3 chapter.

4 (b) The maximum amount of a distribution under this section is
5 the amount determined by subtracting the amount of the tax levied
6 under section 12(d) of this chapter from the tax increment
7 replacement amount determined under section 11(b) of this
8 chapter.

9 (c) An appeal under this section must be filed before September
10 20 of a year.

11 Sec. 14. (a) The department of local government finance shall
12 approve an appeal filed under section 13 of this chapter if the
13 department determines that:

14 (1) the governing body's estimate of the tax replacement
15 amount under section 11 of this chapter is reasonable;

16 (2) a tax levy in excess of the amount determined under
17 section 12(d) of this chapter would:

18 (A) create a significant financial hardship on taxpayers
19 residing in the district in which the governing body
20 exercises jurisdiction;

21 (B) significantly reduce the benefits of the reduction and
22 eventual elimination of tuition support levies for each
23 school corporation; or

24 (C) have a disproportionate impact on small businesses or
25 low income families or individuals; and

26 (3) the governing body has made reasonable efforts to limit its
27 use of the special fund for the allocation area to
28 appropriations for payments of:

29 (A) the principal and interest on loans or bonds;

30 (B) lease rentals on leases; and

31 (C) amounts due on other contractual obligations.

32 (b) In a year in which a general reassessment does not become
33 effective, the department of local government finance shall make
34 a final determination on an appeal filed under this section by
35 December 1 of the year. In a year in which a general reassessment
36 becomes effective, the department may extend the deadline under
37 this subsection by giving written notice to the appellant before the
38 deadline.

39 (c) If the department of local government finance approves an
40 appeal filed under section 13 of this chapter, the department shall
41 order a distribution from the state general fund.

42 (d) If the department of local government finance denies an

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1 appeal filed under section 13 of this chapter, or does not grant the
 2 maximum permissible distribution under section 13(b) of this
 3 chapter, the legislative body of the unit that established the district
 4 may increase the levy imposed under this chapter to an amount
 5 that, when combined with any distribution received under this
 6 chapter, does not exceed the tax increment replacement amount.

7 Sec. 15. (a) A tax levied under this chapter shall be certified by
 8 the department of local government finance to the auditor of the
 9 county in which the district is located and shall be:

10 (1) estimated and entered upon the tax duplicates by the
 11 county auditor; and

12 (2) collected and enforced by the county treasurer;
 13 in the same manner as state and county taxes are estimated,
 14 entered, collected, and enforced.

15 (b) As the tax is collected by the county treasurer, it shall be
 16 transferred to the governing body and accumulated and kept in the
 17 special fund for the allocation area.

18 (c) A tax levied under this chapter:

19 (1) is exempt from property tax levy limitations; and

20 (2) is not subject to IC 6-1.1-20.

21 (d) Notwithstanding any other provision of this chapter or
 22 IC 6-1.1-20.6, a governing body may file with the county auditor a
 23 certified statement providing that for purposes of computing and
 24 applying a credit under IC 6-1.1-20.6 for a particular calendar
 25 year, a taxpayer's property tax liability does not include the
 26 liability for a tax levied under this chapter. The department of
 27 local government finance shall adopt the form of the certified
 28 statement that a governing body may file under this subsection.
 29 The department of local government finance shall establish
 30 procedures governing the filing of a certified statement under this
 31 subsection. If a governing body files a certified statement under
 32 this subsection, then for purposes of computing and applying a
 33 credit under IC 6-1.1-20.6 for the specified calendar year, a
 34 taxpayer's property tax liability does not include the liability for a
 35 tax levied under this chapter.

36 (e) A tax levied under this chapter and the use of revenues from
 37 a tax levied under this chapter by a governing body do not create
 38 a constitutional or statutory debt, pledge, or obligation of the
 39 governing body, the district, or any unit.

40 SECTION 44. IC 6-1.1-29-1 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as
 42 provided in section 9 of this chapter, each county shall have a county

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board of tax adjustment composed of seven (7) members. The members of the county board of tax adjustment shall be selected as follows:

(1) The county fiscal body shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(2) Either the executive of the largest city in the county or a public official of any city in the county appointed by that executive shall serve as a member of the board. However, if there is no incorporated city in the county, the fiscal body of the largest incorporated town of the county shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(3) The governing body of the school corporation, located entirely or partially within the county, which has the greatest taxable valuation of any school corporation of the county shall appoint a member of the governing body to serve as a member of the county board of tax adjustment.

(4) The remaining four (4) members of the county board of tax adjustment must be residents of the county and freeholders and shall be appointed by the board of commissioners of the county.

(b) This section expires December 31, 2008.

SECTION 45. IC 6-1.1-29-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.5. (a) On January 1, 2009, there is established in each county a county board of tax and capital projects review. Except as provided by subsections (b)(7), (b)(8), (c)(7), and (c)(8), each member of the board must be an elected official serving on the fiscal body of the taxing unit or the group of taxing units that the individual represents. The board consists of nine (9) members. All members except the county auditor are voting members. However, the county auditor is entitled to vote to break a tie vote.**

(b) For a county having at least two (2) cities, at least two (2) towns, and at least two (2) school corporations, the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, excluding a municipality described in subdivision (2).

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(5) One (1) individual from the fiscal body of a school corporation within the county (excluding a school corporation described in subdivision (3)), appointed jointly by the fiscal bodies of the school corporations. The appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county, excluding a town described in subdivision (2).

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-10-2-13.

(8) The county auditor.

(c) For a county not described in subsection (b), the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, or towns within the county in the case of a county not having any cities. However, a municipality described in subdivision (2) is excluded.

(5) One (1) individual from the fiscal bodies of the school corporations within the county, excluding the school corporation described in subdivision (3), unless that school corporation is the only school corporation within the county. If there is more than one (1) school corporation represented under this subdivision, the appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county. However, a town described in subdivision (2) and a town described in subdivision (4) are excluded.

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-10-2-13.

(8) The county auditor.

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1 However, if the county has less than three (3) municipalities,
 2 subsection (d), rather than subdivisions (2), (4), and (6), governs
 3 the selection of members to represent those municipalities.

4 (d) If a county is subject to subsection (c) but has less than three
 5 (3) municipalities, the members of the board who represent those
 6 municipalities are determined in the following manner:

7 (1) If the county has two (2) municipalities, the members
 8 representing those municipalities are two (2) individuals from
 9 the fiscal body of the municipality that has the greatest
 10 taxable assessed valuation and one (1) individual from the
 11 fiscal body of the other municipality.

12 (2) If the county has only one (1) municipality, the members
 13 representing that municipality are three (3) individuals from
 14 the fiscal body of the municipality.

15 (e) Members of a county board of tax and capital projects
 16 review shall be appointed or elected as provided in section 2 of this
 17 chapter.

18 (f) For purposes of Article 2, Section 9 of the Constitution of the
 19 State of Indiana, membership on a county board of tax and capital
 20 projects review is not a lucrative office.

21 (g) A county board of tax and capital projects review is subject
 22 to IC 5-14-1.5 and IC 5-14-3.

23 SECTION 46. IC 6-1.1-29-2 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The seven (7)
 25 members of the county board of tax adjustment shall be appointed
 26 before April 15th of each year, and their appointments shall continue
 27 in effect until April 15th of the following year. The four (4) freehold
 28 members of the county board of tax adjustment may not be, or have
 29 been during the year preceding their appointment, an official or
 30 employee of a political subdivision. The four (4) freehold members
 31 shall be appointed in such a manner that no more than four (4) of the
 32 board members are members of the same political party. **This**
 33 **subsection expires December 31, 2008.**

34 (b) The following apply, notwithstanding any other provision:

35 (1) A member may not be appointed to a county board of tax
 36 adjustment after December 31, 2008.

37 (2) The term of a member of a county board of tax adjustment
 38 serving on December 31, 2008, expires on December 31, 2008.

39 (3) Each county board of tax adjustment is abolished on
 40 December 31, 2008.

41 (c) On or before December 31 of 2008 and each even-numbered
 42 year thereafter, each fiscal body required to make an appointment

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to a county board of tax and capital projects review under section 1.5 of this chapter shall make the required appointment or appointments of members who will represent the fiscal body on the county board of tax and capital projects review. The appointments take effect January 1 of the following odd-numbered year and continue in effect until December 31 of the following even-numbered year. If a member is to be appointed by one (1) fiscal body, the appointment must be made by a majority vote of the fiscal body in official session. If a member is to be appointed by more than one (1) fiscal body, the appointment must be made by a majority vote of the total members of the fiscal bodies taken in joint session. If:

(1) a fiscal body fails; or

(2) the fiscal bodies, in the case of a joint appointment, fail; to make a required appointment of a member by December 31 of an even-numbered year, the county fiscal body shall make the appointment from the appropriate fiscal body.

(d) At the general election in 2008 and every four (4) years thereafter, the voters of each county shall under IC 3-10-2-13 elect two (2) individuals who are residents of the county as members of the county board of tax and capital projects review. The term of office of a member elected under this subsection begins January 1 of the year following the member's election and ends December 31 of the fourth year following the member's election.

(e) A member elected under this section may not be, or have been during the year preceding the member's appointment or election, an officer or employee of a political subdivision.

SECTION 47. IC 6-1.1-29-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) This section applies after December 31, 2008.

(b) Five (5) members of the county board of tax and capital projects review constitute a quorum.

(c) The county board of tax and capital projects review may adopt rules for the transaction of business at its meetings.

(d) The affirmative votes of at least five (5) members of the county board of tax and capital projects review are required for the board to take action.

(e) The county auditor is the clerk of the county board of tax and capital projects review and shall:

(1) preserve the board's records in the auditor's office;

(2) keep an accurate record of the board's proceedings; and

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1 **(3) record the ayes and nays on each vote of the board.**

2 SECTION 48. IC 6-1.1-29-3 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. **(a)** If a vacancy
4 occurs in the membership of the county board of tax adjustment
5 **(before January 1, 2009) or the county board of tax and capital**
6 **projects review (after December 31, 2008) with respect to an**
7 **appointment made by a fiscal body**, the vacancy shall be filled in the
8 same manner provided for the original appointment.

9 **(b) If a vacancy occurs after December 31, 2008, in the**
10 **membership of the county board of tax and capital projects review**
11 **with respect to a member elected under section 2(d) of this chapter,**
12 **the county fiscal body shall appoint an individual to fill the vacancy**
13 **for the remainder of the term.**

14 SECTION 49. IC 6-1.1-29-4 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. **(a) Except as**
16 **provided in subsection (b),** each county board of tax adjustment
17 **(before January 1, 2009) or county board of tax and capital**
18 **projects review (after December 31, 2008),** except the board for a
19 consolidated city and county and for a county containing a second class
20 city, shall hold its first meeting of each year **for the purpose of**
21 **reviewing budgets, tax rates, and levies** on September 22 or on the
22 first business day after September 22, if September 22 is not a business
23 day. The board for a consolidated city and county and for a county
24 containing a second class city shall hold its first meeting of each year
25 **for the purpose of reviewing budgets, tax rates, and levies** on the
26 first Wednesday following the adoption of city and county budget, tax
27 rate, and tax levy ordinances. The board shall hold the first meeting at
28 the office of the county auditor. At the first meeting of each year, the
29 board shall elect a chairman and a vice-chairman. After ~~the first this~~
30 meeting, the board shall continue to meet from day to day **at any**
31 **convenient place** until its business is completed. However, the board
32 must, **except as provided in subsection (b),** complete its duties on or
33 before the date prescribed in IC 6-1.1-17-9(a). ~~After the first meeting,~~
34 ~~the board may hold subsequent meetings at any convenient place.~~

35 **(b) This section does not limit the ability of the county board of**
36 **tax and capital projects review to meet after December 31, 2008, at**
37 **any time during a year to carry out its duties under IC 6-1.1-29.5.**

38 SECTION 50. IC 6-1.1-29-5 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The county auditor
40 shall serve as clerk of the county board of tax adjustment. The clerk
41 shall keep a complete record of all the board's proceedings. The clerk
42 may not vote on matters before the board. **This section expires**

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December 31, 2008.

SECTION 51. IC 6-1.1-29-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. **(a)** The four (4) freehold members of the county board of tax adjustment shall receive compensation on a per diem basis for each day of actual service. The rate of this compensation is the same as the rate that the freehold members of the county property tax assessment board of appeals of that county receive. The county auditor shall keep an attendance record of each meeting of the county board of tax adjustment. At the close of each annual session, the county auditor shall certify to the county board of commissioners the number of days actually served by each freehold member. The county board of commissioners may not allow claims for service on the county board of tax adjustment for more days than the number of days certified by the county auditor. **This subsection expires December 31, 2008.**

(b) A member of the county board of tax and capital projects review who is elected under section 1.5 of this chapter shall receive compensation from the county on a per diem basis for each day of actual service on the board. The rate of the compensation is equal to the rate that members of the county property tax assessment board of appeals in the county receive under IC 6-1.1-28-3. The county auditor shall keep an attendance record of each meeting of the county board of tax and capital projects review. The county auditor shall certify to the county executive the number of days actually served by each elected member. The county executive may not allow claims for service on the county board of tax and capital projects review for more days than the number of days certified by the county auditor. Appointed members of the county board of tax and capital projects review are not entitled to per diem compensation.

SECTION 52. IC 6-1.1-29-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may require an official of a political subdivision of the county to appear before the board. In addition, the board may require such an official to provide the board with information which is related to the budget, tax rate, or tax levy of the political subdivision.

SECTION 53. IC 6-1.1-29-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may employ

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an examiner of the state board of accounts to assist the county board with its duties. If the board desires to employ an examiner, it shall adopt a resolution which states the number of days that the examiner is to serve, when the county board files a copy of the resolution with the chief examiner of the state board of accounts, the state board of accounts shall assign an examiner to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** for the number of days stated in the resolution. When an examiner of the state board of accounts is employed by a county board of tax adjustment **(before January 1, 2009) or a county board of tax and capital projects review (after December 31, 2008)** under this section, the county shall pay the expenses related to ~~his~~ **the examiner's** services in the same manner that expenses are to be paid under IC 1971, 5-11-4-3.

SECTION 54. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) **This subsection expires December 31, 2008.** A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) This subsection applies after December 31, 2008. Subject to subsection (e), a county board of tax and capital projects review may not review or modify tax rates, tax levies, and budgets if the county council:

- (1) adopts an ordinance to abolish the county board of tax adjustment before January 1, 2009; or**
- (2) adopts an ordinance before July 2 of any year to prohibit the county board of tax and capital projects review from carrying out such reviews.**

An ordinance described in this subsection may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 12-19-7, IC 12-19-7.5, IC 20-45, IC 20-46, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted and has not been rescinded, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax and capital projects review under IC 6-1.1-17. If an ordinance

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described in subdivision (1) or (2) has been adopted in a county and has not been rescinded, the county board of tax and capital projects review may not review tax rates, tax levies, and budgets under IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6, IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11, IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 12-19-7, IC 12-19-7.5, IC 20-45, IC 20-46, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or IC 36-9-13.

(b) (c) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) (d) If an ordinance described in subsection (a) or (b) is adopted and has not been rescinded, a tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

(e) This section does not prohibit a county board of tax and capital projects review from reviewing tax rates, tax levies, and budgets for informational purposes as necessary to carry out its duties under IC 6-1.1-29.5.

SECTION 55. IC 6-1.1-29.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 29.5. Capital Projects Review

Sec. 0.5. This chapter applies only to a capital project that meets both of the following conditions:

- (1) The capital project is a controlled project (as defined in IC 6-1.1-20-1.1), except as provided in subdivision (2).
- (2) Notwithstanding IC 6-1.1-20-1.1(2), the capital project will cost the political subdivision more than seven million dollars (\$7,000,000).

Sec. 1. As used in this chapter, "capital project" means any:

- (1) acquisition of land;
- (2) site improvements;
- (3) infrastructure improvements;
- (4) construction of buildings or structures;
- (5) rehabilitation, renovation, or enlargement of buildings or structures; or
- (6) acquisition or improvement of machinery, equipment, furnishings, or facilities required for the operation of

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buildings, structures, or infrastructure;
(or any combination of subdivisions (1) through (6)) by a political subdivision.

Sec. 2. As used in this chapter, "fiscal body" has the meaning set forth in IC 36-1-2-6.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. As used in this chapter, "review board" refers to the county board of tax and capital projects review established in a county under IC 6-1.1-29.

Sec. 5. (a) The fiscal body of each political subdivision shall do the following:

(1) After January 1 and before October 1 of 2009 and every two (2) years thereafter:

(A) hold a public hearing on a proposed capital projects plan for the political subdivision; and

(B) adopt a capital projects plan by ordinance or resolution.

(2) Submit a copy of the capital projects plan and the ordinance or resolution to the review board not later than fifteen (15) days following the adoption of the capital projects plan.

(b) If a political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the capital projects plan and the ordinance or resolution to the review board of each county in which the political subdivision contains territory.

Sec. 6. (a) The department of local government finance shall by rule prescribe the format of a capital projects plan. A capital projects plan must apply to at least the five (5) years immediately following the year the capital projects plan is adopted and must include the following components for each year covered by the capital projects plan:

(1) A general description of the political subdivision.

(2) A description of facilities owned by the political subdivision and the use of the facilities.

(3) The location and general description of each proposed capital project and the intended use of each proposed capital project.

(4) The estimated total cost of each proposed capital project.

(5) Identification of all sources of funds expected to be used for each proposed capital project.

(6) The planning, development, and construction schedule of

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each proposed capital project.

(7) Any other element required by the department of local government finance.

(b) The department of local government finance shall by rule establish a procedure for amendment of a capital projects plan in the case of an emergency.

Sec. 7. Before a public hearing on a proposed capital projects plan is held by the fiscal body of a political subdivision under section 5(a)(1) of this chapter, the fiscal body shall publish a summary of the proposed capital projects plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

Sec. 8. When the fiscal body of a political subdivision holds a public hearing on a proposed capital projects plan under section 5(a)(1) of this chapter, the fiscal body shall allow the public the opportunity to testify concerning the proposed capital projects plan. However, the fiscal body may limit testimony at the public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 9. (a) The review board shall hold a public hearing on a proposed capital projects plan submitted by a political subdivision. The review board shall allow the public the opportunity to testify concerning the proposed capital projects plan.

(b) The review board shall provide the fiscal body of a political subdivision with a written report concerning the review board's findings and recommendations concerning the fiscal body's capital projects plan not more than sixty (60) business days after the review board's receipt of the capital projects plan.

(c) If the fiscal body of a political subdivision receives a written report under subsection (b) that makes a recommendation against an element included in the political subdivision's capital projects plan, the political subdivision may retain that element in the capital projects plan only if the fiscal body at a public meeting addresses the review board's concerns and enters into the record of the public meeting an explanation of why that element should be retained in the capital projects plan.

Sec. 10. (a) The fiscal body of a political subdivision that intends to construct a capital project subject to this chapter:

(1) must submit the plan of the capital project to the review board in the manner provided by this chapter; and

(2) except as provided in section 14 of this chapter, may not:

(A) begin construction of the capital project;

(B) enter into contracts for the construction of the capital

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- 1 project;
- 2 (C) procure supplies necessary for construction of the
- 3 capital project;
- 4 (D) issue bonds, notes, or warrants, or otherwise borrow
- 5 money for the capital project;
- 6 (E) enter into a lease or other agreement that would
- 7 provide debt service for bonds or other obligations issued
- 8 by the political subdivision or another entity to finance the
- 9 capital project; or
- 10 (F) approve any of the actions described in clauses (A)
- 11 through (E) by another entity;
- 12 unless the review board approves the capital project under
- 13 section 13 of this chapter.
- 14 (b) If a political subdivision contains territory in more than one
- 15 (1) county, the fiscal body of the political subdivision must submit
- 16 the proposed capital project to the review board of each of those
- 17 counties.
- 18 (c) The fiscal body of a political subdivision may not artificially
- 19 divide a capital project into multiple capital projects in order to
- 20 avoid the requirements of this section.
- 21 Sec. 11. (a) Before the fiscal body of a political subdivision may
- 22 submit a capital project described in section 10 of this chapter to
- 23 the review board, the fiscal body shall:
- 24 (1) hold a public hearing on the proposed capital project; and
- 25 (2) prepare a feasibility study that supports the scope and cost
- 26 of the proposed capital project.
- 27 Before a public hearing on a proposed capital project is held by the
- 28 fiscal body of a political subdivision under this section, the fiscal
- 29 body shall publish a description of the proposed capital project and
- 30 a notice of the hearing in accordance with IC 5-3-1-2(b).
- 31 (b) The fiscal body of a political subdivision may consider
- 32 multiple capital projects at a public hearing held under this
- 33 section.
- 34 (c) When the fiscal body of a political subdivision holds a public
- 35 hearing under this section, the fiscal body shall allow any person
- 36 an opportunity to be heard in the presence of others who are
- 37 present to testify with respect to the proposed capital project.
- 38 However, the fiscal body may limit testimony at a public hearing
- 39 to a reasonable time stated at the opening of the public hearing.
- 40 (d) After holding a public hearing under this section and
- 41 considering all information submitted by persons testifying at the
- 42 hearing, the fiscal body of a political subdivision may adopt an

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ordinance or resolution requesting approval of the proposed capital project by the review board. The fiscal body shall immediately transmit a copy of the ordinance or resolution to the review board. If the political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the ordinance or resolution to the review board of each of those counties.

Sec. 12. (a) Before taking action on a request for approval of a proposed capital project described in section 10 of this chapter, a review board must conduct a public hearing on the proposed project. If a public hearing is scheduled under this section, the review board shall publish a description of the proposed capital project and a notice of the hearing in accordance with IC 5-3-1-2(b).

(b) The review board may consider multiple capital projects at a public hearing held under this section.

(c) The review board may require the fiscal body of a political subdivision that submits a request for approval of a capital project to provide plans, specifications, cost estimates, estimated impacts on tax rates, and other relevant information concerning that project.

(d) When a review board holds a public hearing under this section, the review board shall allow the public an opportunity to testify concerning the proposed capital project. However, the review board may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 13. (a) After considering all information submitted at the hearing under section 12 of this chapter by the fiscal body of the political subdivision and by persons testifying at the hearing, the review board may approve, disapprove, modify then approve, or delay the implementation of a proposed capital project. The review board may consider the following factors when reviewing a proposed capital project:

- (1) The age, condition, and adequacy of existing facilities.
- (2) The cost per square foot of the proposed capital project.
- (3) The relative priority the proposed capital project should have among other capital projects proposed within the county.
- (4) The estimated impact the proposed capital project would have on tax rates.
- (5) Any other factors considered pertinent by the review board.

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(b) A review board may not disapprove a proposed capital project that is required by a court order but may modify the capital project in a manner that does not violate the order.

(c) If a review board does not issue a decision with respect to a proposed capital project within ninety (90) days after the review board's receipt of the plan of the capital project under section 11 of this chapter, the capital project is considered approved by the review board as submitted.

(d) The following apply if a proposed capital project is submitted to the review boards of two (2) or more counties as required by section 10(b) of this chapter:

(1) If the project is disapproved by any of the review boards, the project is considered to be disapproved.

(2) If the project is not disapproved by any of the review boards, but the review boards reach different decisions concerning the approval, modification, or delay of the project, the decision of the review board for the county that contains the greatest percentage of the political subdivision's population controls.

(e) If the review board modifies and then approves a capital project, the review board shall provide a written report detailing the reason for that change to the fiscal body of the affected political subdivision within thirty (30) business days after the review board's decision.

(f) All orders of the review board under this section shall be filed with the affected political subdivision and with the department of local government finance.

Sec. 14. If the review board disapproves a capital project under section 13 of this chapter, the political subdivision that proposed the project may take any action under section 10(a)(2) of this chapter with regard to the capital project if:

(1) not more than sixty (60) days after the review board's disapproval, the political subdivision initiates the petition and remonstrance process under IC 6-1.1-20-3.4; and

(2) the capital project is approved in the petition and remonstrance process under IC 6-1.1-20.

SECTION 56. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county assessor, or an elected township assessor may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for

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discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:

(1) examine and verify the accuracy of personal property returns filed by taxpayers with a township assessor of a township in the county **or the county assessor**; and

(2) compare a return with the books **and records** of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.

(b) The actions of a contractor under subsection (a)(1) or (a)(2) must be limited in scope to the three (3) assessment years ending before January 1 of the calendar year in which the taxpayer receives notice of the contractor's actions. Notice provided under this section must be in writing and must list each year for which returns and other records may be reviewed under subsection (a). For purposes of this subsection, notice is considered to have been received by the taxpayer as of the date of the notice.

(c) IC 6-1.1-9-3 does not apply to a contractor's actions under subsection (a).

~~(b)~~ **(d)** This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special nonreverting fund in which the county treasurer shall deposit the amount of taxes, including penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes **and in the following order**:

(1) **First, for** all contract fees and other costs related to the contract.

(2) Second, for deposit in the county's reassessment fund. The amount deposited in the county's reassessment fund under this subdivision may not exceed twenty percent (20%) of the remaining money collected as a result of a contract entered into under this section.

~~(2)~~ **(e)** After the payments required by ~~subdivision (1)~~ **subsection (d)** have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing

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unit in effect at the time of the distribution.

(f) If the money in the fund established under subsection (b) is insufficient to pay the fees and costs related to a contract described in subsection (a), the county may pay the remaining fees and costs from the county's reassessment fund.

~~(e)~~ **(g)** A board of county commissioners, a county assessor, or an elected township assessor may not contract for services under subsection (a) on a percentage basis.

(h) The department shall adopt rules under IC 4-22-2 to govern the certification of persons who wish to obtain a contract under this section.

SECTION 57. IC 6-3.5-1.1-1.1, AS ADDED BY P.L.207-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.1. (a) **Except as provided in subsection (d)**, for purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units and school corporations in the county, the allocation amount for a civil taxing unit or school corporation is the amount determined using the following formula:

STEP ONE: Determine the sum of the total property taxes being collected by the civil taxing unit or school corporation during the calendar year of the distribution.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified

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1 distribution for the previous calendar year.

2 (b) Except as provided in this subsection, an appropriation from
3 property taxes to repay interest and principal of a debt obligation is not
4 deducted from the allocation amount for a civil taxing unit or school
5 corporation if:

6 (1) the debt obligation was issued; and

7 (2) the proceeds appropriated from property taxes;
8 to refund or otherwise refinance a debt obligation or a lease issued
9 before July 1, 2005. However, an appropriation from property taxes
10 related to a debt obligation issued after June 30, 2005, is deducted if
11 the debt extends payments on a debt or lease beyond the time in which
12 the debt or lease would have been payable if the debt or lease had not
13 been refinanced or increases the total amount that must be paid on a
14 debt or lease in excess of the amount that would have been paid if the
15 debt or lease had not been refinanced. The amount of the deduction is
16 the annual amount for each year of the extension period or the annual
17 amount of the increase over the amount that would have been paid.

18 (c) Except as provided in this subsection, an appropriation from
19 property taxes to make payments on a lease is not deducted from the
20 allocation amount for a civil taxing unit or school corporation if:

21 (1) the lease was issued; and

22 (2) the proceeds were appropriated from property taxes;
23 to refinance a debt obligation or lease issued before July 1, 2005.
24 However, an appropriation from property taxes related to a lease
25 entered into after June 30, 2005, is deducted if the lease extends
26 payments on a debt or lease beyond the time in which the debt or lease
27 would have been payable if the debt or lease had not been refinanced
28 or increases the total amount that must be paid on a debt or lease in
29 excess of the amount that would have been paid if the debt or lease had
30 not been refinanced. The amount of the deduction is the annual amount
31 for each year of the extension period or the annual amount of the
32 increase over the amount that would have been paid.

33 **(d) Notwithstanding any other provision of this section, the**
34 **department of local government finance shall for each year after**
35 **2007 do the following:**

36 **(1) Adjust the allocation amount of each school corporation to**
37 **ensure that the school corporation's allocation amount is not**
38 **reduced (as a percentage of the part of certified distributions**
39 **that constitute property tax replacement credits) because of**
40 **the reduction or elimination of the school corporation's**
41 **tuition support levy under IC 20-45-3-11(b) through**
42 **IC 20-45-3-11(c).**

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(2) Adjust the allocation amount of each county to ensure that the county's allocation amount is not reduced (as a percentage of the part of certified distributions that constitute property tax replacement credits) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 58. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on ~~July~~ **October 1** of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, ~~or 3.6, 24, 25, or 26~~ of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect ~~July~~ **October 1** of this year."

(d) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

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(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 59. IC 6-3.5-1.1-2.3, AS ADDED BY P.L.162-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

(1) finance, construct, acquire, improve, renovate, or equip:

(A) jail facilities;

(B) juvenile court, detention, and probation facilities;

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

located in the county, including costs related to the demolition of existing buildings and the acquisition of land; and

(2) repay bonds issued or leases entered into for the purposes described in subdivision (1).

(c) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to operate or maintain any of the facilities described in subsection (b)(1)(A) through (b)(1)(D) that are located in the county. The county council may make a determination under both this subsection and subsection (b).

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

(1) fifteen-hundredths percent (0.15%);

(2) two-tenths percent (0.2%); or

(3) twenty-five hundredths percent (0.25%);

on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

(1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are

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completed; and

(2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) An ordinance adopted under this section before ~~June 1, 2006, or April August 1~~ in a ~~subsequent~~ year applies to the imposition of county income taxes after ~~June September~~ 30 in that year. An ordinance adopted under this section after ~~May 31, 2006, and March July~~ 31 of a ~~subsequent~~ year initially applies to the imposition of county option income taxes after ~~June September~~ 30 of the immediately following year.

(g) The tax imposed under this section may be imposed only until the latest of the following:

(1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.

(2) The date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid.

(3) The date on which an ordinance adopted under subsection (c) is rescinded.

(h) The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty (20) years.

(i) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the criminal justice facilities revenue fund before making a certified distribution under section 11 of this chapter.

(j) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible

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property tax levy limit under IC 6-1.1-18.5; and
 (3) may be pledged to the repayment of bonds issued or leases
 entered into for any or all the purposes described in subsection
 (b).

(k) Notwithstanding any other law, money remaining in the criminal
 justice facilities revenue fund established under subsection (i) after the
 tax imposed by this section is terminated under ~~subsection (f)~~
subsection (g) shall be transferred to the county highway fund to be
 used for construction, resurfacing, restoration, and rehabilitation of
 county highways, roads, and bridges.

SECTION 60. IC 6-3.5-1.1-3 IS AMENDED TO READ AS
 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The county
 council may increase the county adjusted gross income tax rate
 imposed upon the resident county taxpayers of the county. To increase
 the rate, the county council must, after ~~January~~ **March 31** but before
~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must
 substantially state the following:

"The _____ County Council increases the county adjusted
 gross income tax rate imposed upon the resident county taxpayers
 of the county from _____ percent (____%) to _____ percent
 (____%). This tax rate increase takes effect ~~July~~ **October 1** of this
 year."

(b) Any ordinance adopted under this section takes effect ~~July~~
October 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on
 ordinances presented for a vote under the authority of this section and
 immediately send a certified copy of the results to the department by
 certified mail.

SECTION 61. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS
 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) The county
 council may decrease the county adjusted gross income tax rate
 imposed upon the resident county taxpayers of the county. To decrease
 the rate, the county council must, after ~~January~~ **March 31** but before
~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must
 substantially state the following:

"The _____ County Council decreases the county adjusted
 gross income tax rate imposed upon the resident county taxpayers
 of the county from _____ percent (____%) to _____ percent
 (____%). This tax rate decrease takes effect ~~July~~ **October 1** of this
 year."

(b) A county council may not decrease the county adjusted gross
 income tax rate if the county or any commission, board, department, or

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1 authority that is authorized by statute to pledge the county adjusted
 2 gross income tax has pledged the county adjusted gross income tax for
 3 any purpose permitted by IC 5-1-14 or any other statute.

4 (c) Any ordinance adopted under this section takes effect ~~July~~
 5 **October 1** of the year the ordinance is adopted.

6 (d) The auditor of a county shall record all votes taken on
 7 ordinances presented for a vote under the authority of this section and
 8 immediately send a certified copy of the results to the department by
 9 certified mail.

10 (e) Notwithstanding IC 6-3.5-7, and except as provided in
 11 subsection (f), a county council that decreases the county adjusted
 12 gross income tax rate in a year may not in the same year adopt or
 13 increase the county economic development income tax under
 14 IC 6-3.5-7.

15 (f) This subsection applies only to a county having a population of
 16 more than one hundred ten thousand (110,000) but less than one
 17 hundred fifteen thousand (115,000). The county council may adopt or
 18 increase the county economic development income tax rate under
 19 IC 6-3.5-7 in the same year that the county council decreases the
 20 county adjusted gross income tax rate if the county economic
 21 development income tax rate plus the county adjusted gross income tax
 22 rate in effect after the county council decreases the county adjusted
 23 gross income tax rate is less than the county adjusted gross income tax
 24 rate in effect before the adoption of an ordinance under this section
 25 decreasing the rate of the county adjusted gross income tax.

26 SECTION 62. IC 6-3.5-1.1-3.5 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This
 28 section applies only to a county having a population of more than
 29 thirteen thousand five hundred (13,500) but less than fourteen thousand
 30 (14,000).

31 (b) The county council of a county described in subsection (a) may,
 32 by ordinance, determine that additional county adjusted gross income
 33 tax revenue is needed in the county to fund the operation and
 34 maintenance of a jail and justice center.

35 (c) Notwithstanding section 2 of this chapter, if the county council
 36 adopts an ordinance under subsection (b), the county council may
 37 impose the county adjusted gross income tax at a rate of one and
 38 three-tenths percent (1.3%) on adjusted gross income. However, a
 39 county may impose the county adjusted gross income tax at a rate of
 40 one and three-tenths percent (1.3%) for only eight (8) years. After the
 41 county has imposed the county adjusted gross income tax at a rate of
 42 one and three-tenths percent (1.3%) for eight (8) years, the rate is

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reduced to one percent (1%). If the county council imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%), the county council may decrease the rate or rescind the tax in the manner provided under this chapter.

(d) If a county imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) under this section, the revenue derived from a tax rate of three-tenths percent (0.3%) on adjusted gross income:

(1) shall be paid to the county treasurer;

(2) may be used only to pay the costs of operating and maintaining a jail and justice center; and

(3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy.

~~(e) Notwithstanding section 3 of this chapter, the county fiscal body may adopt an ordinance under this section before June 1.~~

SECTION 63. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

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SECTION 64. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), ~~and~~ (g), **and (h).** The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.**

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that

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any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

- (1) initially imposes the county adjusted gross income tax; or
- (2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

- (1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by**

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(2) two (2).

SECTION 65. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006, SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the *calendar* year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or ~~IC 6-1.1-19-1.7~~. IC 20-44-3. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) *revenue that must be used to pay the costs of:*

(A) *financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;*

(B) *debt service on bonds; or*

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1 (C) lease rentals;
 2 under section 2.3 of this chapter;
 3 ~~(2)~~ (2) revenue that must be used to pay the costs of operating a
 4 jail and juvenile detention center under section 2.5(d) of this
 5 chapter;
 6 ~~(2)~~ (3) revenue that must be used to pay the costs of:
 7 (A) financing, constructing, acquiring, improving, renovating,
 8 ~~or~~ equipping, operating, or maintaining facilities and
 9 buildings;
 10 (B) debt service on bonds; or
 11 (C) lease rentals;
 12 under section 2.8 of this chapter;
 13 ~~(3)~~ (4) revenue that must be used to pay the costs of construction,
 14 improvement, renovation, or remodeling of a jail and related
 15 buildings and parking structures under section 2.7, 2.9, or 3.3 of
 16 this chapter;
 17 ~~(4)~~ (5) revenue that must be used to pay the costs of operating and
 18 maintaining a jail and justice center under section 3.5(d) of this
 19 chapter; ~~or~~
 20 ~~(5)~~ (6) revenue that must be used to pay the costs of constructing,
 21 acquiring, improving, renovating, or equipping a county
 22 courthouse under section 3.6 of this chapter; **or**
 23 **(7) revenue attributable to a tax rate under section 24, 25, or**
 24 **26 of this chapter;**
 25 distributions made to a county treasurer under subsections (a) and (b)
 26 shall be treated as though they were property taxes that were due and
 27 payable during that same calendar year. Except as provided by
 28 subsection (b) **and sections 24, 25, and 26 of this chapter**, the
 29 certified distribution shall be distributed and used by the taxing units
 30 and school corporations as provided in sections 11 through 15 of this
 31 chapter.
 32 (d) All distributions from an account established under section 8 of
 33 this chapter shall be made by warrants issued by the auditor of the state
 34 to the treasurer of the state ordering the appropriate payments.
 35 SECTION 66. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006,
 36 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30,
 37 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:
 39 (1) revenue that must be used to pay the costs of:
 40 (A) financing, constructing, acquiring, improving, renovating,
 41 equipping, operating, or maintaining facilities and buildings;
 42 (B) debt service on bonds; or

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(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES



1	0.5%	50%	50%
2	0.75%	33 1/3%	66 2/3%
3	1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 67. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

(1) the allocation amount of the civil taxing unit for that calendar year; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

(B) the sum of the attributed allocation amounts of all the civil taxing units of the county during that calendar year.

STEP TWO: Multiply the part of the county's certified distribution that is to be used as certified shares by the STEP ONE amount.

(c) The local government tax control board established by IC 6-1.1-18.5-11 (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection

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(a)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 68. IC 6-3.5-1.1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter **(other than tax revenue attributable to a tax rate under section 24, 25, or 26 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 69. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. **(a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax

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1 rates imposed under this chapter and does not affect the purposes
2 for which other tax revenue under this chapter may be used.

3 (e) The following apply only in the year in which a county
4 council first imposes a tax rate under this section.

5 (1) The county council shall, in the ordinance imposing the tax
6 rate, specify the tax rate for each of the following two (2)
7 years.

8 (2) The tax rate that must be imposed in the county from
9 October 1 of the year in which the tax rate is imposed through
10 September 30 of the following year is equal to the result of:

11 (A) the tax rate determined for the county under
12 IC 6-3.5-1.5-1(a) in the year in which the tax rate is
13 increased; multiplied by

14 (B) two (2).

15 (3) The tax rate that must be imposed in the county from
16 October 1 of the following year through September 30 of the
17 year after the following year is the tax rate determined for the
18 county under IC 6-3.5-1.5-1(b). The tax rate under this
19 subdivision continues in effect in later years unless the tax
20 rate is increased under this section.

21 (4) The levy limitations in IC 6-1.1-18.5-3(g),
22 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and
23 IC 12-29-2-2(c) apply to property taxes first due and payable
24 in the ensuing calendar year.

25 (f) The following apply only in a year in which a county council
26 increases a tax rate under this section.

27 (1) The county council shall, in the ordinance increasing the
28 tax rate, specify the tax rate for the following year.

29 (2) The tax rate that must be imposed in the county from
30 October 1 of the year in which the tax rate is increased
31 through September 30 of the following year is equal to the
32 result of:

33 (A) the tax rate determined for the county under
34 IC 6-3.5-1.5-1(a) in that year; plus

35 (B) the tax rate currently in effect in the county under this
36 section.

37 The tax rate under this subdivision continues in effect in later
38 years unless the tax rate is increased under this section.

39 (3) The levy limitations in IC 6-1.1-18.5-3(g),
40 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and
41 IC 12-29-2-2(c) apply to property taxes first due and payable
42 in the ensuing calendar year.

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(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is

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1 attributable to a tax rate under this section as specified in this
 2 section. The county treasurer shall make the distributions under
 3 this subsection at the same time that distributions are made to civil
 4 taxing units under section 15 of this chapter.

5 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
 6 council may not decrease or rescind a tax rate imposed under this
 7 chapter.

8 (i) The tax rate under this section shall not be considered for
 9 purposes of computing:

10 (1) the maximum income tax rate that may be imposed in a
 11 county under section 2 of this chapter; or

12 (2) the maximum permissible property tax levy under STEP
 13 EIGHT of IC 6-1.1-18.5-3(b).

14 (j) The tax levy under this section shall not be considered for
 15 purposes of computing the total county tax levy under
 16 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

17 (k) A distribution under this section shall be treated as a part of
 18 the receiving civil taxing unit's or school corporation's property
 19 tax levy for that year for purposes of fixing the budget of the civil
 20 taxing unit or school corporation and for determining the
 21 distribution of excise taxes that are distributed on the basis of
 22 property tax levies.

23 (l) If a county council imposes a tax rate under this section, the
 24 portion of county adjusted gross income tax revenue dedicated to
 25 property tax replacement credits under section 11 of this chapter
 26 may not be decreased.

27 (m) In the year following the year in a which a county first
 28 imposes a tax rate under this section, one-half (1/2) of the tax
 29 revenue that is attributable to the tax rate under this section must
 30 be deposited in the county stabilization fund established under
 31 subsection (o).

32 (n) A pledge of county adjusted gross income taxes does not
 33 apply to revenue attributable to a tax rate under this section.

34 (o) A county stabilization fund is established in each county that
 35 imposes a tax rate under this section. The county stabilization fund
 36 shall be administered by the county auditor. If for a year the
 37 certified distributions attributable to a tax rate under this section
 38 exceed the amount calculated under STEP ONE through STEP
 39 FOUR of IC 6-3.5-1.5-1 that is used by the department of local
 40 government finance and the department of state revenue to
 41 determine the tax rate under this section, the excess shall be
 42 deposited in the county stabilization fund. Money shall be

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distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

(p) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 70. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

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(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) If a county council has imposed a tax rate under section 24 of this chapter, the county council may also adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may be imposed only at a rate of five-hundredths of one percent (0.05%).

(d) If a county council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality and township in the county. The amount that shall be distributed to the county, municipality, or township is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county, municipality, or township for the calendar year; divided by

(B) the sum of the attributed allocation amounts of the

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1 county and each municipality and township in the county
2 for the calendar year.

3 The county auditor shall make the distributions required by this
4 subsection not more than thirty (30) days after receiving the
5 portion of the certified distribution that is attributable to a tax rate
6 under this section. Tax revenue distributed to a county,
7 municipality, or township under this subsection must be deposited
8 into a separate account or fund and may be appropriated by the
9 county, municipality, or township only for public safety purposes.

10 (g) The department of local government finance may not
11 require a county receiving tax revenue under this section to reduce
12 the county's property tax levy for a particular year on account of
13 the county's receipt of the tax revenue.

14 (h) The tax rate under this section and the tax revenue
15 attributable to the tax rate under this section shall not be
16 considered for purposes of computing:

17 (1) the maximum income tax rate that may be imposed in a
18 county under section 2 of this chapter;

19 (2) the maximum permissible property tax levy under STEP
20 EIGHT of IC 6-1.1-18.5-3(b); or

21 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
22 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

23 (i) The tax rate under this section may be imposed or rescinded
24 at the same time and in the same manner that the county may
25 impose or increase a tax rate under section 24 of this chapter.

26 (j) The department of local government finance and the
27 department of state revenue may take any actions necessary to
28 carry out the purposes of this section.

29 SECTION 71. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA
30 CODE AS A NEW SECTION TO READ AS FOLLOWS
31 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council that
32 has adopted the county adjusted gross income tax under this
33 chapter may impose an additional tax rate under this section to
34 provide property tax relief to political subdivisions in the county.

35 (b) A tax rate under this section may be imposed at any rate (in
36 increments of one-tenth of one percent (0.1%)) determined by the
37 county council.

38 (c) A tax rate under this section is in addition to any other tax
39 rates imposed under this chapter and does not affect the purposes
40 for which other tax revenue under this chapter may be used.

41 (d) If a county council adopts an ordinance to impose or
42 increase a tax rate under this section, the county auditor shall send

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1 a certified copy of the ordinance to the department and the
2 department of local government finance by certified mail.

3 (e) A tax rate under this section may be imposed, increased,
4 decreased, or rescinded by a county council at the same time and
5 in the same manner that the county council may impose or increase
6 a tax rate under section 24 of this chapter.

7 (f) Tax revenue attributable to a tax rate under this section may
8 be used for any combination of the following purposes, as specified
9 by ordinance of the county council:

10 (1) The tax revenue may be used to provide local property tax
11 replacement credits at a uniform rate to all taxpayers in the
12 county. Any tax revenue that is attributable to the tax rate
13 under this section and that is used to provide local property
14 tax replacement credits shall be distributed to civil taxing
15 units and school corporations in the county in the same
16 manner that certified distributions are allocated as property
17 tax replacement credits under section 12 of this chapter. The
18 department of local government finance shall provide each
19 county auditor with the amount of property tax replacement
20 credits that each civil taxing unit and school corporation in
21 the auditor's county is entitled to receive under this section.
22 The county auditor shall then certify to each civil taxing unit
23 and school corporation the amount of property tax
24 replacement credits the civil taxing unit or school corporation
25 is entitled to receive under this section during that calendar
26 year.

27 (2) The tax revenue may be used to uniformly increase the
28 homestead credit percentage in the county. The additional
29 homestead credits shall be treated for all purposes as
30 property tax levies. The additional homestead credits do not
31 reduce the basis for determining the state homestead credit
32 under IC 6-1.1-20.9. The additional homestead credits shall be
33 applied to the net property taxes due on the homestead after
34 the application of all other assessed value deductions or
35 property tax deductions and credits that apply to the amount
36 owed under IC 6-1.1. The department of local government
37 finance shall determine the additional homestead credit
38 percentage for a particular year based on the amount of tax
39 revenue that will be used under this subdivision to provide
40 additional homestead credits in that year.

41 (g) The tax rate under this section and the tax revenue
42 attributable to the tax rate under this section shall not be

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considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter;
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or
- (3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 72. IC 6-3.5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 1.5. Calculation of Levy Freeze Amounts

Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

- (1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus
- (2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or one-half (1/2) of the result of:

- (1) the department of local government finance's estimate of the family and children property tax levy that will be

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1 imposed by the county under IC 12-19-7-4 for the ensuing
 2 calendar year (before any adjustment under
 3 IC 12-19-7-4(b) for the ensuing calendar year); minus
 4 (2) the county's family and children property tax levy
 5 imposed by the county under IC 12-19-7-4 for the current
 6 calendar year.

7 **STEP THREE: Determine the greater of zero (0) or the result**
 8 **of:**

9 (1) the department of local government finance's estimate
 10 of the children's psychiatric residential treatment services
 11 property tax levy that will be imposed by the county under
 12 IC 12-19-7.5-6 for the ensuing calendar year (before any
 13 adjustment under IC 12-19-7.5-6(b) for the ensuing
 14 calendar year); minus
 15 (2) the children's psychiatric residential treatment services
 16 property tax imposed by the county under IC 12-19-7.5-6
 17 for the current calendar year.

18 **STEP FOUR: Determine the greater of zero (0) or the result**
 19 **of:**

20 (1) the department of local government finance's estimate
 21 of the county's maximum community mental health centers
 22 property tax levy under IC 12-29-2-2 for the ensuing
 23 calendar year (before any adjustment under
 24 IC 12-29-2-2(c) for the ensuing calendar year); minus
 25 (2) the county's maximum community mental health
 26 centers property tax levy under IC 12-29-2-2 for the
 27 current calendar year.

28 (b) In the case of a county that wishes to impose a tax rate under
 29 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time,
 30 the department of local government finance and the department of
 31 state revenue shall jointly estimate the amount that will be
 32 calculated under subsection (a) in the second year after the tax rate
 33 is first imposed. The department of local government finance and
 34 the department of state revenue shall calculate the tax rate under
 35 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be
 36 imposed in the county in the second year after the tax rate is first
 37 imposed to raise income tax revenue equal to the estimate under
 38 this subsection.

39 (c) The department and the department of local government
 40 finance shall make the calculations under subsections (a) and (b)
 41 based on the best information available at the time the calculation
 42 is made.

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(d) For purposes of calculating a tax rate under this section, the department of local government shall round up to the nearest one-tenth of one percent (0.1%).

Sec. 2. The department of local government finance shall, before July 1 of each year, certify the amount calculated for a county under section 1 of this chapter to the county auditor.

Sec. 3. The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this chapter.

SECTION 73. IC 6-3.5-6-1.1, AS ADDED BY P.L.207-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from

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property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(d) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 certify to the county auditor an adjustment to the allocation amount of a county to ensure that the county's allocation is not reduced (as a percentage of the total allocation amounts of all civil taxing units in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 74. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the

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1 county option income tax on the adjusted gross income of county
2 taxpayers of its county effective ~~July~~ **October** 1 of that same year.

3 (b) **Except as provided in sections 30, 31, and 32 of this chapter,**
4 the county option income tax may initially be imposed at a rate of
5 two-tenths of one percent (0.2%) on the resident county taxpayers of
6 the county and at a rate of five hundredths of one percent (0.05%) for
7 all other county taxpayers.

8 (c) To impose the county option income tax, a county income tax
9 council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of
10 the year, pass an ordinance. The ordinance must substantially state the
11 following:

12 "The _____ County Income Tax Council imposes the
13 county option income tax on the county taxpayers of
14 _____ County. The county option income tax is
15 imposed at a rate of two-tenths of one percent (0.2%) on the
16 resident county taxpayers of the county and at a rate of five
17 hundredths of one percent (0.05%) on all other county taxpayers.
18 This tax takes effect ~~July~~ **October** 1 of this year."

19 (d) **Except as provided in sections 30, 31, and 32 of this chapter,**
20 if the county option income tax is imposed on the county taxpayers of
21 a county, then the county option income tax rate that is in effect for
22 resident county taxpayers of that county increases by one-tenth of one
23 percent (0.1%) on each succeeding July 1 until the rate equals
24 six-tenths of one percent (0.6%).

25 (e) The county option income tax rate in effect for the county
26 taxpayers of a county who are not resident county taxpayers of that
27 county is at all times one-fourth (1/4) of the tax rate imposed upon
28 resident county taxpayers.

29 (f) The auditor of a county shall record all votes taken on ordinances
30 presented for a vote under this section and immediately send a certified
31 copy of the results to the department by certified mail.

32 SECTION 75. IC 6-3.5-6-9 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on ~~January~~
34 **March 31** of a calendar year the county option income tax rate in
35 effect for resident county taxpayers equals six tenths of one percent
36 (0.6%), ~~then excluding a tax rate imposed under section 30, 31, or~~
37 **32 of this chapter,** the county income tax council of that county may
38 after ~~January 1~~ **March 31** and before ~~April~~ **August** 1 of that year pass
39 an ordinance to increase its tax rate for resident county taxpayers. If a
40 county income tax council passes an ordinance under this section, its
41 county option income tax rate for resident county taxpayers increases
42 by one tenth of one percent (0.1%) each succeeding ~~July~~ **October** 1

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1 until its rate reaches a maximum of one percent (1%), **excluding a tax**
 2 **rate imposed under section 30, 31, or 32 of this chapter.**

3 (b) The auditor of the county shall record any vote taken on an
 4 ordinance proposed under the authority of this section and immediately
 5 send a certified copy of the results to the department by certified mail.

6 SECTION 76. IC 6-3.5-6-10 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. If during a
 8 particular calendar year the county council of a county adopts an
 9 ordinance to impose the county adjusted gross income tax in its county
 10 on ~~July~~ **October** 1 of that year and the county option income tax
 11 council of the county adopts an ordinance to impose the county option
 12 income tax in the county on ~~July~~ **October** 1 of that year, the county
 13 option income tax takes effect in that county and the county adjusted
 14 gross income tax shall not take effect in that county.

15 SECTION 77. IC 6-3.5-6-11 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) This**
 17 **section does not apply to a tax rate imposed under section 30 of this**
 18 **chapter.**

19 ~~(a)~~ **(b)** The county income tax council of any county may adopt an
 20 ordinance to permanently freeze the county option income tax rates at
 21 the rate in effect for its county on ~~January~~ **March 31** of a year.

22 ~~(b)~~ **(c)** To freeze the county option income tax rates, a county
 23 income tax council must, after ~~January~~ **March 31** but before ~~April~~
 24 **August** 1 of a year, adopt an ordinance. The ordinance must
 25 substantially state the following:

26 "The _____ County Income Tax Council permanently
 27 freezes the county option income tax rates at the rate in effect on
 28 ~~January~~ **March 31** of the current year."

29 ~~(c)~~ **(d)** An ordinance adopted under the authority of this section
 30 remains in effect until rescinded. The county income tax council may
 31 rescind such an ordinance after ~~January~~ **March 31** but before ~~April~~
 32 **August** 1 of any calendar year. Such an ordinance shall take effect ~~July~~
 33 **October** 1 of that same calendar year.

34 ~~(d)~~ **(e)** If a county income tax council rescinds an ordinance as
 35 adopted under this section, the county option income tax rate shall
 36 automatically increase by one-tenth of one percent (0.01%) until:

37 (1) the tax rate is again frozen under another ordinance adopted
 38 under this section; or

39 (2) the tax rate equals six tenths of one percent (0.6%) (if the
 40 frozen tax rate equaled an amount less than six tenths of one
 41 percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled
 42 an amount in excess of six tenths of one percent (0.6%)).

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1 ~~(e)~~ (f) The county auditor shall record any vote taken on an
 2 ordinance proposed under the authority of this section and immediately
 3 send a certified copy of the results to the department by certified mail.

4 SECTION 78. IC 6-3.5-6-12 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county
 6 option income tax imposed by a county income tax council under this
 7 chapter remains in effect until rescinded.

8 (b) Subject to subsection (c), the county income tax council of a
 9 county may rescind the county option income tax by passing an
 10 ordinance to rescind the tax after ~~January~~ **March 31** but before ~~April~~
 11 **August 1** of a year.

12 (c) A county income tax council may not rescind the county option
 13 income tax or take any action that would result in a civil taxing unit in
 14 the county having a smaller distributive share than the distributive
 15 share to which it was entitled when it pledged county option income
 16 tax, if the civil taxing unit or any commission, board, department, or
 17 authority that is authorized by statute to pledge county option income
 18 tax, has pledged county option income tax for any purpose permitted
 19 by IC 5-1-14 or any other statute.

20 (d) The auditor of a county shall record all votes taken on a
 21 proposed ordinance presented for a vote under the authority of this
 22 section and immediately send a certified copy of the results to the
 23 department by certified mail.

24 SECTION 79. IC 6-3.5-6-12.5 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) The
 26 county income tax council may adopt an ordinance to decrease the
 27 county option income tax rate in effect.

28 (b) To decrease the county option income tax rate, the county
 29 income tax council must adopt an ordinance after ~~January~~ **March 31**
 30 but before ~~April~~ **August 1** of a year. The ordinance must substantially
 31 state the following:

32 "The _____ County Income Tax Council decreases the
 33 county option income tax rate from _____ percent (____ %) **copy**
 34 to _____ percent (____ %). This ordinance takes effect ~~July~~
 35 **October 1** of this year."

36 (c) A county income tax council may not decrease the county option
 37 income tax if the county or any commission, board, department, or
 38 authority that is authorized by statute to pledge the county option
 39 income tax has pledged the county option income tax for any purpose
 40 permitted by IC 5-1-14 or any other statute.

41 (d) An ordinance adopted under this subsection takes effect ~~July~~
 42 **October 1** of the year in which the ordinance is adopted.



(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

SECTION 80. IC 6-3.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage,

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a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 81. IC 6-3.5-6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's county option income tax rate for that county and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede ~~July~~ **October 1** by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow ~~June~~ **September 30** by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

SECTION 82. IC 6-3.5-6-17, AS AMENDED BY P.L.207-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

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(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~ (e), **and (f)**. The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.**

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

- (1) initially imposed the county option income tax; or
- (2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the

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1 immediately following calendar year and in each calendar year
 2 thereafter. The department shall provide for a full transition to
 3 certification of distributions as provided in subsection (a)(1) through
 4 (a)(2) in the manner provided in subsection (c).

5 **(f) This subsection applies in the year a county initially imposes**
 6 **a tax rate under section 30 of this chapter. Notwithstanding any**
 7 **other provision, the department shall adjust the part of the**
 8 **county's certified distribution that is attributable to the tax rate**
 9 **under section 30 of this chapter to provide for a distribution in the**
 10 **immediately following calendar year equal to the result of:**

11 (1) the sum of the amounts determined under STEP ONE
 12 through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which
 13 the county initially imposes a tax rate under section 30 of this
 14 chapter; multiplied by

15 (2) two (2).

16 ~~(f)~~ (g) One-twelfth (1/12) of each adopting county's certified
 17 distribution for a calendar year shall be distributed from its account
 18 established under section 16 of this chapter to the appropriate county
 19 treasurer on the first day of each month of that calendar year.

20 ~~(g)~~ (h) Upon receipt, each monthly payment of a county's certified
 21 distribution shall be allocated among, distributed to, and used by the
 22 civil taxing units of the county as provided in sections 18 and 19 of this
 23 chapter.

24 ~~(h)~~ (i) All distributions from an account established under section
 25 16 of this chapter shall be made by warrants issued by the auditor of
 26 state to the treasurer of state ordering the appropriate payments.

27 SECTION 83. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006,
 28 SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6,
 29 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county
 31 auditor receives under this chapter shall be used to:

- 32 (1) replace the amount, if any, of property tax revenue lost due to
- 33 the allowance of an increased homestead credit within the county;
- 34 (2) fund the operation of a public communications system and
- 35 computer facilities district as provided in an election, if any, made
- 36 by the county fiscal body under IC 36-8-15-19(b);
- 37 (3) fund the operation of a public transportation corporation as
- 38 provided in an election, if any, made by the county fiscal body
- 39 under IC 36-9-4-42;
- 40 (4) make payments permitted under IC 36-7-15.1-17.5;
- 41 (5) make payments permitted under subsection (i);
- 42 (6) make distributions of distributive shares to the civil taxing

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units of a county; and

(7) make the distributions permitted under ~~section~~ *sections 27, 28, and 29, 30, 31, 32, and 33* of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, ~~or~~ 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing

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unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 84. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose the county option income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in

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1 this section, the county fiscal body must adopt an ordinance:

2 (1) finding and determining that revenues from the county option
3 income tax are needed in the county to fund the operation and
4 maintenance of a jail, a juvenile detention center, or both; and

5 (2) agreeing to freeze the part of any property tax levy imposed in
6 the county for the operation of the jail or juvenile detention
7 center, or both, covered by the ordinance at the rate imposed in
8 the year preceding the year in which a full year of additional
9 county option income tax is certified for distribution to the county
10 under this section for the term in which an ordinance is in effect
11 under this section.

12 (e) If the county fiscal body makes a determination under subsection
13 (d), the county fiscal body may adopt a tax rate under subsection (c).
14 Subject to the limitations in subsection (c), the county fiscal body may
15 amend an ordinance adopted under this section to increase, decrease,
16 or rescind the additional tax rate imposed under this section. As soon
17 as practicable after the adoption of an ordinance under this section, the
18 county fiscal body shall send a certified copy of the ordinance to the
19 county auditor, the department of local government finance, and the
20 department of state revenue. An ordinance adopted under this section
21 before ~~April~~ **August** 1 in a year applies to the imposition of county
22 income taxes after ~~June~~ **September** 30 in that year. An ordinance
23 adopted under this section after ~~March~~ **July** 31 of a year initially
24 applies to the imposition of county option income taxes after ~~June~~
25 **September** 30 of the immediately following year.

26 (f) The county treasurer shall establish a county jail revenue fund to
27 be used only for the purposes described in this section. County option
28 income tax revenues derived from the tax rate imposed under this
29 section shall be deposited in the county jail revenue fund before
30 making a certified distribution under section 18 of this chapter.

31 (g) County option income tax revenues derived from the tax rate
32 imposed under this section:

33 (1) may only be used for the purposes described in this section;
34 and

35 (2) may not be considered by the department of local government
36 finance in determining the county's maximum permissible
37 property tax levy limit under IC 6-1.1-18.5.

38 (h) The department of local government finance shall enforce an
39 agreement under subsection (d)(2).

40 (i) The department, after reviewing the recommendation of the
41 budget agency, shall adjust the certified distribution of a county to
42 provide for an increased distribution of taxes in the immediately

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1 following calendar year after the county adopts an increased tax rate
 2 under this section and in each calendar year thereafter. The department
 3 shall provide for a full transition to certification of distributions as
 4 provided in section 17(a)(1) through 17(a)(2) of this chapter in the
 5 manner provided in section 17(c) of this chapter.

6 SECTION 85. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006,
 7 SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS
 8 CORRECTED AND AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only
 10 to Scott County. Scott County is a county in which:

11 (1) maintaining low property tax rates is essential to economic
 12 development; and

13 (2) the use of additional county option income tax revenues as
 14 provided in this section, rather than the use of property taxes, to
 15 fund:

16 (A) the financing, construction, acquisition, improvement,
 17 renovation, equipping, operation, or maintenance of jail
 18 facilities; and

19 (B) the repayment of bonds issued or leases entered into for
 20 the purposes described in clause (A), except operation or
 21 maintenance;

22 promotes the purpose of maintaining low property tax rates.

23 (b) The county fiscal body may impose the county option income tax
 24 on the adjusted gross income of resident county taxpayers at a rate, in
 25 addition to the rates permitted by sections 8 and 9 of this chapter, not
 26 to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this
 27 chapter applies to the application of the additional rate to nonresident
 28 taxpayers.

29 (c) To impose the county option income tax as provided in this
 30 section, the county fiscal body must adopt an ordinance finding and
 31 determining that additional revenues from the county option income tax
 32 are needed in the county to fund:

33 (1) the financing, construction, acquisition, improvement,
 34 renovation, equipping, operation, or maintenance of jail facilities;
 35 and

36 (2) the repayment of bonds issued or leases entered into for the
 37 purposes described in subdivision (1), except operation or
 38 maintenance.

39 (d) If the county fiscal body makes a determination under subsection
 40 (c), the county fiscal body may adopt an additional tax rate under
 41 subsection (b). Subject to the limitations in subsection (b), the county
 42 fiscal body may amend an ordinance adopted under this section to

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1 increase, decrease, or rescind the additional tax rate imposed under this
 2 section. As soon as practicable after the adoption of an ordinance under
 3 this section, the county fiscal body shall send a certified copy of the
 4 ordinance to the county auditor, the department of local government
 5 finance, and the department. An ordinance adopted under this section
 6 before June 1, 2006, or ~~April~~ **August 1** in a subsequent year applies to
 7 the imposition of county income taxes after June 30 **(in the case of an**
 8 **ordinance adopted before June 1, 2006) or September 30 (in the**
 9 **case of an ordinance adopted in 2007 or thereafter)** in that year. An
 10 ordinance adopted under this section after May 31, 2006, ~~and or March~~
 11 **July 31** of a subsequent year initially applies to the imposition of
 12 county option income taxes after June 30 **(in the case of an ordinance**
 13 **adopted before June 1, 2006) or September 30 (in the case of an**
 14 **ordinance adopted in 2007 or thereafter)** of the immediately
 15 following year.

16 (e) If the county imposes an additional tax rate under this section,
 17 the county treasurer shall establish a county jail revenue fund to be
 18 used only for the purposes described in this section. County option
 19 income tax revenues derived from the tax rate imposed under this
 20 section shall be deposited in the county jail revenue fund before
 21 making a certified distribution under section 18 of this chapter.

22 (f) County option income tax revenues derived from an additional
 23 tax rate imposed under this section:

- 24 (1) may be used only for the purposes described in this section;
- 25 (2) may not be considered by the department of local government
- 26 finance in determining the county's maximum permissible
- 27 property tax levy limit under IC 6-1.1-18.5; and
- 28 (3) may be pledged for the repayment of bonds issued or leases
- 29 entered into to fund the purposes described in subsection (c)(1),
- 30 except operation or maintenance.

31 (g) If the county imposes an additional tax rate under this section,
 32 the department, after reviewing the recommendation of the budget
 33 agency, shall adjust the certified distribution of the county to provide
 34 for an increased distribution of taxes in the immediately following
 35 calendar year after the county adopts the increased tax rate and in each
 36 calendar year thereafter. The department shall provide for a full
 37 transition to certification of distributions as provided in section
 38 17(a)(1) through 17(a)(2) of this chapter in the manner provided in
 39 section 17(c) of this chapter.

40 SECTION 86. IC 6-3.5-6-26 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of
 42 county option income tax revenues under this chapter **(other than**

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1 **revenues attributable to a tax rate imposed under section 30, 31, or**
 2 **32 of this chapter)** is enforceable in accordance with IC 5-1-14.

3 (b) With respect to obligations for which a pledge has been made
 4 under this chapter, the general assembly covenants with the county and
 5 the purchasers or owners of those obligations that this chapter will not
 6 be repealed or amended in any manner that will adversely affect the tax
 7 collected under this chapter as long as the principal of or interest on
 8 those obligations is unpaid.

9 SECTION 87. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE
 10 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 11 UPON PASSAGE]: **Sec. 30. (a) In a county in which the county**
 12 **option income tax is in effect, the county income tax council may,**
 13 **before August 1 of a year, adopt an ordinance to impose or**
 14 **increase (as applicable) a tax rate under this section.**

15 (b) In a county in which neither the county option adjusted
 16 gross income tax nor the county option income tax is in effect, the
 17 county income tax council may, before August 1 of a year, adopt an
 18 ordinance to impose a tax rate under this section.

19 (c) An ordinance adopted under this section takes effect October
 20 1 of the year in which the ordinance is adopted. If a county income
 21 tax council adopts an ordinance to impose or increase a tax rate
 22 under this section, the county auditor shall send a certified copy of
 23 the ordinance to the department and the department of local
 24 government finance by certified mail.

25 (d) A tax rate under this section is in addition to any other tax
 26 rates imposed under this chapter and does not affect the purposes
 27 for which other tax revenue under this chapter may be used.

28 (e) The following apply only in the year in which a county
 29 income tax council first imposes a tax rate under this section.

30 (1) The county income tax council shall, in the ordinance
 31 imposing the tax rate, specify the tax rate for each of the
 32 following two (2) years.

33 (2) The tax rate that must be imposed in the county from
 34 October 1 of the year in which the tax rate is imposed through
 35 September 30 of the following year is equal to the result of:

36 (A) the tax rate determined for the county under
 37 IC 6-3.5-1.5-1(a) in that year; multiplied by

38 (B) two (2).

39 (3) The tax rate that must be imposed in the county from
 40 October 1 of the following year through September 30 of the
 41 year after the following year is the tax rate determined for the
 42 county under IC 6-3.5-1.5-1(b). The tax rate under this

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subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(f) The following apply only in a year in which a county income tax council increases a tax rate under this section.

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the quotient

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of:

(1) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(2) the STEP ONE amount.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the quotient of:

(1) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(2) the STEP ONE amount.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the quotient of:

(1) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(2) the STEP ONE amount.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing its budget and for determining the distribution of excise taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section, the county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first

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1 imposes a tax rate under this section, one-half (1/2) of the tax
2 revenue that is attributable to the tax rate under this section must
3 be deposited in the county stabilization fund established under
4 subsection (o).

5 (n) A pledge of county option income taxes does not apply to
6 revenue attributable to a tax rate under this section.

7 (o) A county stabilization fund is established in each county that
8 imposes a tax rate under this section. The county stabilization fund
9 shall be administered by the county auditor. If for a year the
10 certified distributions attributable to a tax rate under this section
11 exceed the amount calculated under STEP ONE through STEP
12 FOUR of IC 6-3.5-1.5-1 that is used by the department of local
13 government finance and the department of state revenue to
14 determine the tax rate under this section, the excess shall be
15 deposited in the county stabilization fund. Money shall be
16 distributed from the county stabilization fund in a year by the
17 county auditor to political subdivisions entitled to a distribution of
18 tax revenue attributable to the tax rate under this section if:

19 (1) the certified distributions attributable to a tax rate under
20 this section are less than the amount calculated under STEP
21 ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by
22 the department of local government finance and the
23 department of state revenue to determine the tax rate under
24 this section for a year; or

25 (2) the certified distributions attributable to a tax rate under
26 this section in a year are less than the certified distributions
27 attributable to a tax rate under this section in the preceding
28 year.

29 (p) The department of local government finance and the
30 department of state revenue may take any actions necessary to
31 carry out the purposes of this section.

32 SECTION 88. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE
33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
34 UPON PASSAGE]: Sec. 31. (a) As used in this section, "public
35 safety" refers to the following:

36 (1) A police and law enforcement system to preserve public
37 peace and order.

38 (2) A firefighting and fire prevention system.

39 (3) Emergency ambulance services (as defined in
40 IC 16-18-2-107).

41 (4) Emergency medical services (as defined in
42 IC 16-18-2-110).

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- 1 (5) Emergency action (as defined in IC 13-11-2-65).
- 2 (6) A probation department of a court.
- 3 (7) Confinement, supervision, services under a community
- 4 corrections program (as defined in IC 35-38-2.6-2), or other
- 5 correctional services for a person who has been:
- 6 (A) diverted before a final hearing or trial under an
- 7 agreement that is between the county prosecuting attorney
- 8 and the person or the person's custodian, guardian, or
- 9 parent and that provides for confinement, supervision,
- 10 community corrections services, or other correctional
- 11 services instead of a final action described in clause (B) or
- 12 (C);
- 13 (B) convicted of a crime; or
- 14 (C) adjudicated as a delinquent child or a child in need of
- 15 services.
- 16 (8) A juvenile detention facility under IC 31-31-8.
- 17 (9) A juvenile detention center under IC 31-31-9.
- 18 (10) A county jail.
- 19 (11) A communications system (as defined in IC 36-8-15-3) or
- 20 an enhanced emergency telephone system (as defined in
- 21 IC 36-8-16-2).
- 22 (12) Pension payments for any of the following:
- 23 (A) A member of the fire department (as defined in
- 24 IC 36-8-1-8) or any other employee of a fire department.
- 25 (B) A member of the police department (as defined in
- 26 IC 36-8-1-9), a police chief hired under a waiver under
- 27 IC 36-8-4-6.5, or any other employee hired by a police
- 28 department.
- 29 (C) A county sheriff or any other member of the office of
- 30 the county sheriff.
- 31 (D) Other personnel employed to provide a service
- 32 described in this section.
- 33 (b) If a county income tax council has imposed a tax rate under
- 34 section 30 of this chapter, the county income tax council may also
- 35 adopt an ordinance to impose an additional tax rate under this
- 36 section to provide funding for public safety.
- 37 (c) A tax rate under this section may be imposed only at a rate
- 38 of five-hundredths of one percent (0.05%).
- 39 (d) If a county income tax council adopts an ordinance to impose
- 40 a tax rate under this section, the county auditor shall send a
- 41 certified copy of the ordinance to the department and the
- 42 department of local government finance by certified mail.

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(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality and township in the county. The amount that shall be distributed to the county, municipality, or township is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county, municipality, or township for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality and township in the county for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county, municipality, or township under this subsection must be deposited into a separate account or fund and may be appropriated by the county, municipality, or township only for public safety purposes.

(g) The department of local government finance may not require a county receiving tax revenue under this section to reduce the county's property tax levy for a particular year on account of the county's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to

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1 carry out the purposes of this section.

2 SECTION 89. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: **Sec. 32. (a) A county income tax council that has**
5 **adopted the county option income tax under this chapter may**
6 **impose an additional tax rate under this section to provide**
7 **property tax relief to political subdivisions in the county.**

8 (b) A tax rate under this section may be imposed at any rate (in
9 increments of one-tenth of one percent (0.1%)) determined by the
10 county income tax council.

11 (c) A tax rate under this section is in addition to any other tax
12 rates imposed under this chapter and does not affect the purposes
13 for which other tax revenue under this chapter may be used.

14 (d) If a county income tax council adopts an ordinance to impose
15 or increase a tax rate under this section, the county auditor shall
16 send a certified copy of the ordinance to the department and the
17 department of local government finance by certified mail.

18 (e) A tax rate under this section may be imposed, increased,
19 decreased, or rescinded at the same time and in the same manner
20 that the county income tax council may impose or increase a tax
21 rate under section 30 of this chapter.

22 (f) Tax revenue attributable to a tax rate under this section may
23 be used for any combination of the following purposes, as specified
24 by ordinance of the county income tax council:

25 (1) The tax revenue may be used to provide local property tax
26 replacement credits at a uniform rate to civil taxing units and
27 school corporations in the county. The amount of property tax
28 replacement credits that each civil taxing unit and school
29 corporation in a county is entitled to receive during a
30 calendar year equals the product of:

31 (A) the tax revenue attributable to a tax rate under this
32 section; multiplied by

33 (B) the following fraction:

34 (i) The numerator of the fraction equals the total
35 property taxes being collected in the county by the civil
36 taxing unit or school corporation during the calendar
37 year of the distribution.

38 (ii) The denominator of the fraction equals the sum of
39 the total property taxes being collected in the county by
40 all civil taxing units and school corporations of the
41 county during the calendar year of the distribution.

42 The department of local government finance shall provide

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each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this section. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this section during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(g) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(h) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 90. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 33. (a) This section applies only to Monroe County.**

(b) Maintaining low property tax rates is essential to economic

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development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

- (1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and
- (2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before April 1 in a year applies to the imposition of county income taxes after June 30 in that year. An ordinance adopted under this section after March 31 of a year initially applies to the imposition of county option income taxes after June 30 of the immediately following year.

(f) The county treasurer shall establish a county juvenile

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1 detention center revenue fund to be used only for the purposes
 2 described in this section. County option income tax revenues
 3 derived from the tax rate imposed under this section shall be
 4 deposited in the county juvenile detention center revenue fund
 5 before a certified distribution is made under section 18 of this
 6 chapter.

7 (g) County option income tax revenues derived from the tax rate
 8 imposed under this section:

9 (1) may be used only for the purposes described in this
 10 section; and

11 (2) may not be considered by the department of local
 12 government finance in determining the county's maximum
 13 permissible property tax levy limit under IC 6-1.1-18.5.

14 (h) The department of local government finance shall enforce an
 15 agreement made under subsection (d)(2).

16 (i) The department, after reviewing the recommendation of the
 17 budget agency, shall adjust the certified distribution of a county to
 18 provide for an increased distribution of taxes in the immediately
 19 following calendar year after the county adopts an increased tax
 20 rate under this section and in each calendar year thereafter. The
 21 department shall provide for a full transition to certification of
 22 distributions as provided in section 17(a)(1) through 17(a)(2) of this
 23 chapter in the manner provided in section 17(c) of this chapter.

24 SECTION 91. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006,
 25 SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8,
 26 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 27 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
 28 subsection (c), the county economic development income tax may be
 29 imposed on the adjusted gross income of county taxpayers. The entity
 30 that may impose the tax is:

31 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
 32 the county option income tax is in effect on ~~January~~ **March 31**
 33 of the year the county economic development income tax is
 34 imposed;

35 (2) the county council if the county adjusted gross income tax is
 36 in effect on ~~January~~ **March 31** of the year the county economic
 37 development tax is imposed; or

38 (3) the county income tax council or the county council,
 39 whichever acts first, for a county not covered by subdivision (1)
 40 or (2).

41 To impose the county economic development income tax, a county
 42 income tax council shall use the procedures set forth in IC 6-3.5-6

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concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r), the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~or~~ (s), ~~or~~ (v), **(w), or (x)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), ~~or~~ (u), **(w), or (x)**, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect ~~July~~ **October** 1 of this year.".

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of:
 - (A) fifteen-hundredths percent (0.15%);

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1 (B) two-tenths percent (0.2%); or
 2 (C) twenty-five hundredths percent (0.25%); and
 3 (2) county economic development income tax rate plus the county
 4 option income tax rate that are in effect on January 1 of a year
 5 may equal up to one and twenty-five hundredths percent (1.25%);
 6 if the county income tax council makes a determination to impose rates
 7 under this subsection and section 22 of this chapter.

8 (h) For a county having a population of more than forty-one
 9 thousand (41,000) but less than forty-three thousand (43,000), except
 10 as provided in subsection (p), the county economic development
 11 income tax rate plus the county adjusted gross income tax rate that are
 12 in effect on January 1 of a year may not exceed one and thirty-five
 13 hundredths percent (1.35%) if the county has imposed the county
 14 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 15 under IC 6-3.5-1.1-2.5.

16 (i) For a county having a population of more than thirteen thousand
 17 five hundred (13,500) but less than fourteen thousand (14,000), except
 18 as provided in subsection (p), the county economic development
 19 income tax rate plus the county adjusted gross income tax rate that are
 20 in effect on January 1 of a year may not exceed one and fifty-five
 21 hundredths percent (1.55%).

22 (j) For a county having a population of more than seventy-one
 23 thousand (71,000) but less than seventy-one thousand four hundred
 24 (71,400), except as provided in subsection (p), the county economic
 25 development income tax rate plus the county adjusted gross income tax
 26 rate that are in effect on January 1 of a year may not exceed one and
 27 five-tenths percent (1.5%).

28 (k) This subsection applies to a county having a population of more
 29 than twenty-seven thousand four hundred (27,400) but less than
 30 twenty-seven thousand five hundred (27,500). Except as provided in
 31 subsection (p), in addition to the rates permitted under subsection (b):

32 (1) the county economic development income tax may be imposed
 33 at a rate of twenty-five hundredths percent (0.25%); and

34 (2) the sum of the county economic development income tax rate
 35 and the county adjusted gross income tax rate that are in effect on
 36 January 1 of a year may not exceed one and five-tenths percent
 37 (1.5%);

38 if the county council makes a determination to impose rates under this
 39 subsection and section 22.5 of this chapter.

40 (l) For a county having a population of more than twenty-nine
 41 thousand (29,000) but less than thirty thousand (30,000), except as
 42 provided in subsection (p), the county economic development income

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1 tax rate plus the county adjusted gross income tax rate that are in effect
 2 on January 1 of a year may not exceed one and five-tenths percent
 3 (1.5%).

4 (m) For:

5 (1) a county having a population of more than one hundred
 6 eighty-two thousand seven hundred ninety (182,790) but less than
 7 two hundred thousand (200,000); or

8 (2) a county having a population of more than forty-five thousand
 9 (45,000) but less than forty-five thousand nine hundred (45,900);
 10 except as provided in subsection (p), the county economic development
 11 income tax rate plus the county adjusted gross income tax rate that are
 12 in effect on January 1 of a year may not exceed one and five-tenths
 13 percent (1.5%).

14 (n) For a county having a population of more than six thousand
 15 (6,000) but less than eight thousand (8,000), except as provided in
 16 subsection (p), the county economic development income tax rate plus
 17 the county adjusted gross income tax rate that are in effect on January
 18 1 of a year may not exceed one and five-tenths percent (1.5%).

19 (o) This subsection applies to a county having a population of more
 20 than thirty-nine thousand (39,000) but less than thirty-nine thousand
 21 six hundred (39,600). Except as provided in subsection (p), in addition
 22 to the rates permitted under subsection (b):

23 (1) the county economic development income tax may be imposed
 24 at a rate of twenty-five hundredths percent (0.25%); and

25 (2) the sum of the county economic development income tax rate
 26 and:

27 (A) the county adjusted gross income tax rate that are in effect
 28 on January 1 of a year may not exceed one and five-tenths
 29 percent (1.5%); or

30 (B) the county option income tax rate that are in effect on
 31 January 1 of a year may not exceed one and twenty-five
 32 hundredths percent (1.25%);

33 if the county council makes a determination to impose rates under this
 34 subsection and section 24 of this chapter.

35 (p) In addition:

36 (1) the county economic development income tax may be imposed
 37 at a rate that exceeds by not more than twenty-five hundredths
 38 percent (0.25%) the maximum rate that would otherwise apply
 39 under this section; and

40 (2) the:

41 (A) county economic development income tax; and

42 (B) county option income tax or county adjusted gross income

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- 1 tax;
 2 may be imposed at combined rates that exceed by not more than
 3 twenty-five hundredths percent (0.25%) the maximum combined
 4 rates that would otherwise apply under this section.
 5 However, the additional rate imposed under this subsection may not
 6 exceed the amount necessary to mitigate the increased ad valorem
 7 property taxes on homesteads (as defined in IC 6-1.1-20.9-1) *or*
 8 *residential property (as defined in section 26 of this chapter), as*
 9 *appropriate under the ordinance adopted by the adopting body in the*
 10 *county, resulting from the deduction of the assessed value of inventory*
 11 *in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.*
 12 (q) If the county economic development income tax is imposed as
 13 authorized under subsection (p) at a rate that exceeds the maximum
 14 rate that would otherwise apply under this section, the certified
 15 distribution must be used for the purpose provided in section 25(e) or
 16 26 of this chapter to the extent that the certified distribution results
 17 from the difference between:
 18 (1) the actual county economic development tax rate; and
 19 (2) the maximum rate that would otherwise apply under this
 20 section.
 21 (r) This subsection applies only to a county described in section 27
 22 of this chapter. Except as provided in subsection (p), in addition to the
 23 rates permitted by subsection (b), the:
 24 (1) county economic development income tax may be imposed at
 25 a rate of twenty-five hundredths percent (0.25%); and
 26 (2) county economic development income tax rate plus the county
 27 option income tax rate that are in effect on January 1 of a year
 28 may equal up to one and twenty-five hundredths percent (1.25%);
 29 if the county council makes a determination to impose rates under this
 30 subsection and section 27 of this chapter.
 31 (s) Except as provided in subsection (p), the county economic
 32 development income tax rate plus the county adjusted gross income tax
 33 rate that are in effect on January 1 of a year may not exceed one and
 34 five-tenths percent (1.5%) if the county has imposed the county
 35 adjusted gross income tax under IC 6-3.5-1.1-3.3.
 36 (t) This subsection applies to Howard County. Except as provided
 37 in subsection (p), the sum of the county economic development income
 38 tax rate and the county option income tax rate that are in effect on
 39 January 1 of a year may not exceed one and twenty-five hundredths
 40 percent (1.25%).
 41 (u) This subsection applies to Scott County. Except as provided in
 42 subsection (p), the sum of the county economic development income

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1 tax rate and the county option income tax rate that are in effect on
 2 January 1 of a year may not exceed one and twenty-five hundredths
 3 percent (1.25%).

4 (v) *This subsection applies to Jasper County. Except as provided in*
 5 *subsection (p), the sum of the county economic development income tax*
 6 *rate and the county adjusted gross income tax rate that are in effect on*
 7 *January 1 of a year may not exceed one and five-tenths percent (1.5%).*

8 **(w) The income tax rate limits imposed by subsection (c) do not**
 9 **apply to:**

10 **(1) a county adjusted gross income tax rate imposed under**
 11 **IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or**

12 **(2) a county option income tax rate imposed under**
 13 **IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.**

14 **For purposes of computing the maximum combined income tax**
 15 **rate under subsection (c) that may be imposed in a county under**
 16 **IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county**
 17 **adjusted gross income tax rate or county option income tax rate for**
 18 **a particular year does not include the county adjusted gross**
 19 **income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or**
 20 **IC 6-3.5-1.1-26 or the county option income tax rate imposed under**
 21 **IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.**

22 **(x) This subsection applies to Monroe County. Except as**
 23 **provided in subsection (p), if an ordinance is adopted under**
 24 **IC 6-3.5-6-33, the sum of the county economic development income**
 25 **tax rate and the county option income tax rate that are in effect on**
 26 **January 1 of a year may not exceed one and twenty-five**
 27 **hundredths percent (1.25%).**

28 SECTION 92. IC 6-3.5-7-6 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The body
 30 imposing the tax may decrease or increase the county economic
 31 development income tax rate imposed upon the county taxpayers as
 32 long as the resulting rate does not exceed the rates specified in section
 33 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this
 34 section must be adopted at one (1) of the rates specified in section 5(b)
 35 of this chapter. To decrease or increase the rate, the appropriate body
 36 must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year,
 37 adopt an ordinance. The ordinance must substantially state the
 38 following:

39 "The _____ County _____ increases (decreases) the
 40 county economic development income tax rate imposed upon the
 41 county taxpayers of the county from _____ percent (____%) to
 42 _____ percent (____%). This tax rate increase (decrease) takes

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effect ~~July~~ **October** 1 of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 93. IC 6-3.5-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county economic development income tax imposed under this chapter remains in effect until rescinded.

(b) Subject to section 14 of this chapter, the body imposing the county economic development income tax may rescind the tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 94. IC 6-3.5-7-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, 26, and 27 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c), ~~and~~ (h), **and (i)** and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total

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property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

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(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

(i) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 certify to the county auditor an adjustment to the amount of the certified distribution that the county is entitled to receive during May and November of each year to ensure that the county's amount is not reduced (as a percentage of the total amounts distributed to the county and cities and towns in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 95. IC 6-5.5-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection (c), the department of local government finance shall determine a state welfare allocation for each county calculated as follows:

(1) For 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by

(B) the amounts appropriated by all the taxing units in the county in the year.

STEP TWO: Determine the sum of the results determined in

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1 STEP ONE.
2 STEP THREE: Divide the STEP TWO result by three (3).
3 STEP FOUR: Determine the amount that would otherwise be
4 distributed to all the taxing units in the county under
5 subsection (b) without regard to this subdivision.
6 STEP FIVE: Determine the result of:
7 (A) the STEP FOUR amount; multiplied by
8 (B) the STEP THREE result.
9 (2) The state welfare allocation shall be deducted from the
10 distributions otherwise payable under subsection (c) to the taxing
11 unit that is a county and shall be deposited in a special account
12 within the state general fund.
13 (c) A taxing unit's guaranteed distribution for a year is the greater
14 of zero (0) or an amount equal to:
15 (1) the amount received by the taxing unit under IC 6-5-10
16 (repealed) and IC 6-5-11 (repealed) in 1989; minus
17 (2) the amount to be received by the taxing unit in the year of the
18 distribution, as determined by the department of local government
19 finance, from property taxes attributable to the personal property
20 of banks, exclusive of the property taxes attributable to personal
21 property leased by banks as the lessor where the possession of the
22 personal property is transferred to the lessee; minus
23 (3) in the case of a taxing unit that is a county, the amount that
24 would have been received by the taxing unit in the year of the
25 distribution, as determined by the department of local government
26 finance from property taxes that:
27 (A) were calculated for the county's county welfare fund and
28 county welfare administration fund for 2000 but were not
29 imposed because of the repeal of IC 12-19-3 and IC 12-19-4;
30 and
31 (B) would have been attributable to the personal property of
32 banks, exclusive of the property taxes attributable to personal
33 property leased by banks as the lessor where the possession of
34 the personal property is transferred to the lessee.
35 (d) The amount of the supplemental distribution for a county for a
36 year shall be determined using the following formula:
37 STEP ONE: Determine the greater of zero (0) or the difference
38 between:
39 (A) one-half (1/2) of the taxes that the department estimates
40 will be paid under this article during the year; minus
41 (B) the sum of all the guaranteed distributions, before the
42 subtraction of all state welfare allocations under subsection

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(a), for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection (c)(2) for the year.

STEP TWO: Determine the quotient of:

(A) the amount received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in the county; divided by

(B) the sum of the amounts received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in all counties.

STEP THREE: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the amount determined in STEP TWO.

STEP FOUR: Determine the greater of zero (0) or the difference between:

(A) the amount of supplemental distribution determined in STEP THREE for the county; minus

(B) the amount of refunds granted under IC 6-5-10-7 (repealed) that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13 (repealed).

For the supplemental distribution made on or before August 1 of each year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.

(e) Except as provided in subsection (g), the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (d), STEP FOUR.

(f) The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

(g) The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced by an amount equal to:

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(1) the amount the county would receive under subsection (e) without regard to this subsection; minus

(2) an amount equal to:

(A) the amount under subdivision (1); multiplied by

(B) the result of the following:

(i) Determine the amounts appropriated by the county in 1997, 1998, and 1999, from the county's county welfare fund and county welfare administration fund, divided by the total amounts appropriated by all the taxing units in the county in the year.

(ii) Divide the amount determined in item (i) by three (3).

(h) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Certify to the county auditor an adjustment to the amount of the guaranteed distribution and supplemental distribution that each school corporation in the county is entitled to receive under this section to ensure that the school corporation's guaranteed distribution and supplemental distribution amount is not reduced (as a percentage of the total guaranteed distributions and supplemental distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the amount of the guaranteed distribution and supplemental distribution that the county is entitled to receive under this section to ensure that the county's guaranteed distribution and supplemental distribution amount is not reduced (as a percentage of the total guaranteed distributions and supplemental distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 96. IC 6-3.5-7-25, AS AMENDED BY P.L.199-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this

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chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after ~~January 1~~ **March 31** but before ~~June 1~~ **August 1** of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;
- (2) must specify the calendar years to which the ordinance applies; and
- (3) must specify that the certified distribution must be used to provide for:
 - (A) uniformly applied increased homestead credits as provided in subsection (f); or
 - (B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (i); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the

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year in the county that equals the amount determined under subdivision (1); and
 (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

(1) an ordinance under subsection (c); and

(2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.

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SECTION 97. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.

(4) "Residential" refers to the following:

(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9.

(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to

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provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied increased homestead credits as provided in subsection (f).

(B) Uniformly applied increased residential credits as provided in subsection (g).

(C) Allocated increased homestead credits as provided in subsection (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

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- 1 (2) the amount of uniformly applied homestead credits for the
- 2 year in the county that equals the amount determined under
- 3 subdivision (1); and
- 4 (3) the increased percentage of homestead credit that equates to
- 5 the amount of homestead credits determined under subdivision
- 6 (2).
- 7 (g) If the imposing entity specifies the application of uniform
- 8 increased residential credits under subsection (c)(2)(B), the county
- 9 auditor shall determine for each calendar year in which an increased
- 10 homestead credit percentage is authorized under this section:
- 11 (1) the amount of the certified distribution that is available to
- 12 provide an increased residential property tax replacement credit
- 13 percentage for the year;
- 14 (2) the amount of uniformly applied residential property tax
- 15 replacement credits for the year in the county that equals the
- 16 amount determined under subdivision (1); and
- 17 (3) the increased percentage of residential property tax
- 18 replacement credit that equates to the amount of residential
- 19 property tax replacement credits determined under subdivision
- 20 (2).
- 21 (h) The increased percentage of homestead credit determined by the
- 22 county auditor under subsection (f) or the increased percentage of
- 23 residential property tax replacement credit determined by the county
- 24 auditor under subsection (g) applies uniformly in the county in the
- 25 calendar year for which the increased percentage is determined.
- 26 (i) If the imposing entity specifies the application of allocated
- 27 increased homestead credits under subsection (c)(2)(C), the county
- 28 auditor shall, for each calendar year in which an increased homestead
- 29 credit is authorized under this section, determine:
- 30 (1) the amount of the certified distribution that is available to
- 31 provide an increased homestead credit for the year; and
- 32 (2) except as provided in subsection (1), an increased percentage
- 33 of homestead credit for each taxing district in the county that
- 34 allocates to the taxing district an amount of increased homestead
- 35 credits that bears the same proportion to the amount determined
- 36 under subdivision (1) that the amount of inventory assessed value
- 37 deducted under IC 6-1.1-12-42 in the taxing district for the
- 38 immediately preceding year's assessment date bears to the total
- 39 inventory assessed value deducted under IC 6-1.1-12-42 in the
- 40 county for the immediately preceding year's assessment date.
- 41 (j) If the imposing entity specifies the application of allocated
- 42 increased residential property tax replacement credits under subsection

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(c)(2)(D), the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (1), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 98. IC 6-3.5-7-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

(B) applies to an action commenced before January 1, 2003;

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1 and

2 (C) requires the county to comply with the federal Americans
3 with Disabilities Act; and

4 (2) has insufficient revenues to finance the construction,
5 acquisition, improvement, renovation, equipping, and operation
6 of the courthouse facilities and related facilities.

7 (b) A county described in this section possesses unique fiscal
8 challenges in financing, renovating, equipping, and operating the
9 county courthouse facilities and related facilities because the county
10 consistently has one of the highest unemployment rates in Indiana.
11 Maintaining low property tax rates is essential to economic
12 development in the county. The use of economic development income
13 tax revenues under this section for the purposes described in subsection
14 (c) promotes that purpose.

15 (c) In addition to actions authorized by section 5 of this chapter, a
16 county council may, using the procedures set forth in this chapter,
17 adopt an ordinance to impose an additional county economic
18 development income tax on the adjusted gross income of county
19 taxpayers. The ordinance imposing the additional tax must include a
20 finding that revenues from additional tax are needed to pay the costs of:

21 (1) constructing, acquiring, improving, renovating, equipping, or
22 operating the county courthouse or related facilities;

23 (2) repaying any bonds issued, or leases entered into, for
24 constructing, acquiring, improving, renovating, equipping, or
25 operating the county courthouse or related facilities; and

26 (3) economic development projects described in the county's
27 capital improvement plan.

28 (d) The tax rate imposed under this section may not exceed
29 twenty-five hundredths percent (0.25%).

30 (e) If the county council adopts an ordinance to impose an
31 additional tax under this section, the county auditor shall immediately
32 send a certified copy of the ordinance to the department by certified
33 mail. The county treasurer shall establish a county facilities revenue
34 fund to be used only for the purposes described in subsection (c)(1) and
35 (c)(2). The amount of county economic development income tax
36 revenues derived from the tax rate imposed under this section that are
37 necessary to pay the costs described in subsection (c)(1) and (c)(2)
38 shall be deposited into the county facilities revenue fund before a
39 certified distribution is made under section 12 of this chapter. The
40 remainder shall be deposited into the economic development income
41 tax funds of the county's units.

42 (f) County economic development income tax revenues derived

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1 from the tax rate imposed under this section may not be used for
2 purposes other than those described in this section.

3 (g) County economic development income tax revenues derived
4 from the tax rate imposed under this section that are deposited into the
5 county facilities revenue fund may not be considered by the department
6 of local government finance in determining the county's ad valorem
7 property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

8 (h) Notwithstanding section 5 of this chapter, an ordinance may be
9 adopted under this section at any time. If the ordinance is adopted
10 before ~~June~~ **August** 1 of a year, a tax rate imposed under this section
11 takes effect ~~July~~ **October** 1 of that year. If the ordinance is adopted
12 after ~~May~~ **July** 31 of a year, a tax rate imposed under this section takes
13 effect on the January 1 immediately following adoption of the
14 ordinance.

15 (i) For a county adopting an ordinance before June 1 in a year, in
16 determining the certified distribution under section 11 of this chapter
17 for the calendar year beginning with the immediately following January
18 1 and each calendar year thereafter, the department shall take into
19 account the certified ordinance mailed to the department under
20 subsection (e). For a county adopting an ordinance after May 31, the
21 department shall issue an initial or a revised certified distribution for
22 the calendar year beginning with the immediately following January 1.
23 Except for a county adopting an ordinance after May 31, a county's
24 certified distribution shall be distributed on the dates specified under
25 section 16 of this chapter. In the case of a county adopting an ordinance
26 after May 31, the county, beginning with the calendar year beginning
27 on the immediately following January 1, shall receive the entire
28 certified distribution for the calendar year on November 1 of the year.

29 (j) Notwithstanding any other law, funds accumulated from the
30 county economic development income tax imposed under this section
31 and deposited into the county facilities revenue fund or any other
32 revenues of the county may be deposited into a nonreverting fund of
33 the county to be used for operating costs of the courthouse facilities,
34 juvenile detention facilities, or related facilities. Amounts in the county
35 nonreverting fund may not be used by the department of local
36 government finance to reduce the county's ad valorem property tax levy
37 for an ensuing calendar year under IC 6-1.1-18.5.

38 SECTION 99. IC 6-6-5-10 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau
40 shall establish procedures necessary for the collection of the tax
41 imposed by this chapter and for the proper accounting for the same.
42 The necessary forms and records shall be subject to approval by the

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1 state board of accounts.

2 (b) The county treasurer, upon receiving the excise tax collections,
3 shall receipt such collections into a separate account for settlement
4 thereof at the same time as property taxes are accounted for and settled
5 in June and December of each year, with the right and duty of the
6 treasurer and auditor to make advances prior to the time of final
7 settlement of such property taxes in the same manner as provided in
8 IC 5-13-6-3.

9 (c) **Except as provided in subsection (d)**, the county auditor shall
10 determine the total amount of excise taxes collected for each taxing
11 unit in the county and the amount so collected (and the distributions
12 received under section 9.5 of this chapter) shall be apportioned and
13 distributed among the respective funds of each taxing unit in the same
14 manner and at the same time as property taxes are apportioned and
15 distributed. However, for purposes of determining distributions under
16 this section for 2000 and each year thereafter, the state welfare
17 allocation for each county equals the greater of zero (0) or the amount
18 determined under STEP FIVE of the following STEPS:

19 STEP ONE: For 1997, 1998, and 1999, determine the result of:

20 (i) the amounts appropriated by the county in the year from the
21 county's county welfare fund and county welfare
22 administration fund; divided by

23 (ii) the total amounts appropriated by all the taxing units in the
24 county in the year.

25 STEP TWO: Determine the sum of the results determined in
26 STEP ONE.

27 STEP THREE: Divide the STEP TWO result by three (3).

28 STEP FOUR: Determine the amount that would otherwise be
29 distributed to all the taxing units in the county under this
30 subsection without regard to this subdivision.

31 STEP FIVE: Determine the result of:

32 (i) the STEP FOUR amount; multiplied by

33 (ii) the STEP THREE result.

34 The state welfare allocation shall be deducted from the total amount
35 available for apportionment and distribution to taxing units under this
36 section before any apportionment and distribution is made. The county
37 auditor shall remit the state welfare allocation to the treasurer of state
38 for deposit in a special account within the state general fund.

39 (d) **Notwithstanding any other provision of this section, the**
40 **department of local government finance shall for each year after**
41 **2007 do the following:**

42 (1) **Certify to the county auditor an adjustment to the**

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distribution of excise taxes to ensure that the school corporation's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

~~(d)~~ (e) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

~~(e)~~ (f) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for the auditor's use as soon as it is checked and completed.

SECTION 100. IC 6-6-5.5-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) On or before May 1, the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(b) On or before December 1, the auditor of state shall distribute to each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Upon receipt, the county auditor shall distribute to the taxing units an amount equal to the product of the taxing unit's distribution percentage multiplied by the total distributed to the county under this section. The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and

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at the same time as property taxes are apportioned and distributed.

(d) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(e) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

(f) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 101. IC 6-6-6.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a quarterly basis the aircraft excise taxes which were collected by the department during the preceding three (3) months and which the department has allocated to that county. The distribution shall be made on or before the fifteenth of the month following each quarter and the first distribution each year shall be made in April.

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(b) Concurrently with making a distribution of aircraft excise taxes, the department shall send an aircraft excise tax report to the county treasurer and the county auditor. The department shall prepare the report on the form prescribed by the state board of accounts. The aircraft excise tax report must include aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation. The department shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by it.

(c) Except as provided in section 21.5 of this chapter, each county treasurer shall deposit money received by him under this chapter in a separate fund to be known as the "aircraft excise tax fund". The money in the aircraft excise tax fund shall be distributed to the taxing units of the county in the manner prescribed in subsection (d).

(d) In order to distribute the money in the county aircraft excise tax fund to the taxing units of the county, the county auditor shall first allocate the money in the fund among the taxing districts of the county. In making these allocations, the county auditor shall allocate to a taxing district the excise taxes collected with respect to aircraft usually located in the taxing district when not in operation. The money allocated to a taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that the property taxes are apportioned and distributed. **Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:**

(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

(e) Within thirty (30) days following the receipt of excise taxes from

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the department, the county treasurer shall file a report with the county auditor concerning the aircraft excise taxes collected by the county treasurer. The county treasurer shall file the report on the form prescribed by the state board of accounts. The county treasurer shall, in the manner and at the times prescribed in IC 6-1.1-27, make a settlement with the county auditor for the aircraft excise taxes collected by the county treasurer. The county treasurer shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by him.

SECTION 102. IC 6-6-11-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) A boat excise tax fund is established in each county. Each county treasurer shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

(c) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of boat excise tax revenue under this chapter is not reduced (as a percentage of the total boat excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of boat excise tax revenue under this chapter is not reduced (as a percentage of the total boat excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 103. IC 6-9-2.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county council may levy tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel,

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1 motel, inn, tourist camp, or tourist cabin located in a county described
 2 in section 1 of this chapter. Such tax shall not exceed the rate of ~~six~~
 3 **eight** percent ~~(6%)~~ **(8%)** on the gross income derived from lodging
 4 income only and shall be in addition to the state gross retail tax
 5 imposed on such persons by IC 6-2.5.

6 (b) The county fiscal body may adopt an ordinance to require that
 7 the tax be reported on forms approved by the county treasurer and that
 8 the tax shall be paid monthly to the county treasurer. If such an
 9 ordinance is adopted, the tax shall be paid to the county treasurer not
 10 more than twenty (20) days after the end of the month the tax is
 11 collected. If such an ordinance is not adopted, the tax shall be imposed,
 12 paid, and collected in exactly the same manner as the state gross retail
 13 tax is imposed, paid, and collected pursuant to IC 6-2.5.

14 (c) All of the provisions of IC 6-2.5 relating to rights, duties,
 15 liabilities, procedures, penalties, definitions, exemptions, and
 16 administration shall be applicable to the imposition and administration
 17 of the tax imposed by this section except to the extent such provisions
 18 are in conflict or inconsistent with the specific provisions of this
 19 chapter or the requirements of the county treasurer. Specifically and not
 20 in limitation of the foregoing sentence, the terms "person" and "gross
 21 income" shall have the same meaning in this section as they have in
 22 IC 6-2.5. If the tax is paid to the department of state revenue, the
 23 returns to be filed for the payment of the tax under this section may be
 24 either a separate return or may be combined with the return filed for the
 25 payment of the state gross retail tax as the department of state revenue
 26 may, by rule or regulation, determine.

27 (d) If the tax is paid to the department of state revenue, the amounts
 28 received from such tax shall be paid quarterly by the treasurer of state
 29 to the county treasurer upon warrants issued by the auditor of state.

30 (e) The tax imposed under subsection (a) does not apply to the
 31 renting or furnishing of rooms, lodgings, or accommodations to a
 32 person for a period of thirty (30) days or more.

33 SECTION 104. IC 6-9-2.5-7.5, AS AMENDED BY P.L.168-2005,
 34 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2007]: Sec. 7.5. (a) The county treasurer shall establish a
 36 tourism capital improvement fund.

37 (b) The county treasurer shall deposit money in the tourism capital
 38 improvement fund as follows:

39 ~~(1) Before January 1, 2000, if the rate set under section 6 of this~~
 40 ~~chapter is greater than two percent (2%), the county treasurer~~
 41 ~~shall deposit in the tourism capital improvement fund an amount~~
 42 ~~equal to the money received under section 6 of this chapter minus~~

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the amount generated by a two percent (2%) rate.

(2) After December 31, 1999, and before January 1, 2003, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a one percent (1%) rate.

(3) After December 31, 2002, and (1) Before January 1, 2010, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~one~~ **three** and one-half percent (1.5%) (3.5%) rate.

(4) (2) After December 31, 2009, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~two~~ **four** and one-half percent (2.5%) (4.5%) rate.

(c) The commission may transfer money in the tourism capital improvement fund to:

(1) the county government, a city government, or a separate body corporate and politic in a county described in section 1 of this chapter; or

(2) any Indiana nonprofit corporation;

for the purpose of making capital improvements in the county that promote conventions, tourism, or recreation. The commission may transfer money under this section only after approving the transfer. Transfers shall be made quarterly or less frequently under this section.

SECTION 105. IC 6-9-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The tax imposed by section 2 of this chapter shall be at the rate of ~~six~~ **seven** percent (6%) (7%) on the gross income derived from lodging income only.

(b) At least ~~one-sixth~~ (1/6) **two-sevenths** (2/7) of the tax proceeds paid to the capital improvement board of managers under this chapter must be used to provide grants to the convention and visitor bureau in the county to be used solely for the purpose of the development and promotion of the tourism and convention industry within the county.

(c) The capital improvement board of managers may establish budgetary requirements for the convention and visitors bureau. If the convention and visitors bureau fails to conform, the board may elect to suspend funding until the bureau complies.

SECTION 106. IC 8-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The annual operating budget of a toll road authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December**

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1 **31, 2008)** and then by the department of local government finance as
 2 in the case of other political subdivisions.

3 SECTION 107. IC 8-22-3.6-3 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An authority that
 5 is located in a:

6 (1) city having a population of more than ninety thousand
 7 (90,000) but less than one hundred five thousand (105,000);

8 (2) county having a population of more than one hundred five
 9 thousand (105,000) but less than one hundred ten thousand
 10 (110,000); or

11 (3) county having a population of more than three hundred
 12 thousand (300,000) but less than four hundred thousand
 13 (400,000);

14 may enter into a lease of an airport project with a lessor for a term not
 15 to exceed fifty (50) years and the lease may provide for payments to be
 16 made by the airport authority from property taxes levied under
 17 IC 8-22-3-17, taxes allocated under IC 8-22-3.5-9, any other revenues
 18 available to the airport authority, or any combination of these sources.

19 (b) A lease may provide that payments by the authority to the lessor
 20 are required only to the extent and only for the period that the lessor is
 21 able to provide the leased facilities in accordance with the lease. The
 22 terms of each lease must be based upon the value of the facilities leased
 23 and may not create a debt of the authority or the eligible entity for
 24 purposes of the Constitution of the State of Indiana.

25 (c) A lease may be entered into by the authority only after a public
 26 hearing by the board at which all interested parties are provided the
 27 opportunity to be heard. After the public hearing, the board may adopt
 28 an ordinance authorizing the execution of the lease if it finds that the
 29 service to be provided throughout the term of the lease will serve the
 30 public purpose of the authority and is in the best interest of the
 31 residents of the authority district.

32 (d) Upon execution of a lease providing for payments by the
 33 authority in whole or in part from the levy of property taxes under
 34 IC 8-22-3-17, the board shall publish notice of the execution of the
 35 lease and its approval in accordance with IC 5-3-1. Fifty (50) or more
 36 taxpayers residing in the authority district who will be affected by the
 37 lease and who may be of the opinion that no necessity exists for the
 38 execution of the lease or that the payments provided for in the lease are
 39 not fair and reasonable may file a petition in the office of the county
 40 auditor within thirty (30) days after the publication of the notice of
 41 execution and approval. The petition must set forth the petitioners'
 42 names, addresses, and objections to the lease and the facts showing that

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the execution of the lease is unnecessary or unwise or that the payments provided for in the lease are not fair and reasonable, as the case may be.

(e) Upon the filing of a petition under subsection (d), the county auditor shall immediately certify a copy of the petition, together with any other data necessary to present the questions involved, to the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**. Upon receipt of the certified petition and information, the department of local government finance **or county board of tax and capital projects review** shall fix a time and place for a hearing in the authority district, which must be not less than five (5) or more than thirty (30) days after the time is fixed. Notice of the hearing shall be given by the department of local government finance to the members of the board, and to the first fifty (50) petitioners on the petition, by a letter signed by one (1) member of the state board of tax commissioners **or the county board of tax and capital projects review** and enclosed with fully prepaid postage sent to those persons at their usual place of residence, at least five (5) days before the date of the hearing. The decision of the department of local government finance **or the county board of tax and capital projects review** on the appeal, upon the necessity for the execution of the lease, and as to whether the payments under it are fair and reasonable, is final.

(f) An authority entering into a lease payable from any sources permitted under this chapter may:

- (1) pledge the revenue to make payments under the lease pursuant to IC 5-1-14-4; or
- (2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the airport authority to make the lease rental payments are not considered debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(h) Except as provided in this section, no approvals of any governmental body or agency are required before the authority enters into a lease under this section.

(i) An action to contest the validity of the lease or to enjoin the performance of any of its terms and conditions must be brought within thirty (30) days after the later of:

- (1) the public hearing described in subsection (c); or
- (2) the publication of the notice of the execution and approval of the lease described in subsection (d), if the lease is payable in whole or in part from tax levies.

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However, if the lease is payable in whole or in part from tax levies and an appeal has been taken to the department of local government finance **or county board of tax and capital projects review**, an action to contest the validity or enjoin the performance must be brought within thirty (30) days after the decision of the department of local government finance **or county board of tax and capital projects review**.

(j) If an authority exercises an option to buy an airport project from a lessor, the authority may subsequently sell the airport project, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the authority through auction, appraisal, or arms length negotiation. If the airport project is sold at auction, after appraisal, or through negotiation, the board shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

SECTION 108. IC 11-10-2-3, AS AMENDED BY P.L.246-2005, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) **Except as provided in subsections (b) through (f)**, a county that commits an offender to the department shall pay to the state treasurer, under IC 4-24-7-4, sixty dollars (\$60) for each day for keeping the offender.

(b) This subsection applies in 2008 if the result determined for the county in STEP ONE of IC 12-19-7-4(b) for 2008 is positive. The amount a county shall pay to the state treasurer under this section shall be adjusted as provided in STEP TWO or STEP THREE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP ONE of IC 12-19-7-4(b) for 2008; minus

(2) the amount the county would be required to pay to the state treasurer under this section, without any adjustment under this section.

STEP TWO: If the result in STEP ONE is positive, the county is not required to make a payment to the state treasurer under this section for the keeping of offenders for 2008.

STEP THREE: If the result in STEP ONE is negative, the amount the county is required to pay to the state treasurer under this section for the keeping of offenders for 2008 is equal to the result of:

(1) the amount the county would be required to pay to the

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1 state treasurer under this section for 2008, without any
2 adjustment under this section; minus

3 (2) the result determined for the county in STEP ONE of
4 IC 12-19-7-4(b) for 2008.

5 (c) This subsection applies in 2008 if the result determined for
6 the county in STEP ONE of IC 12-19-7-4(b) for 2008 is negative.
7 The amount the county is required to pay to the state treasurer
8 under this section for the keeping of offenders for 2008 is equal to
9 the amount determined under subsection (a), without any
10 adjustment under this section.

11 (d) This subsection applies in a calendar year if the result
12 determined for the county in STEP ONE of IC 12-19-7-4(d) for the
13 calendar year is positive. The amount a county shall pay to the
14 state treasurer under this section shall be adjusted as provided in
15 STEP TWO or STEP FOUR (as applicable) of the following
16 STEPS:

17 STEP ONE: Determine the result of:

18 (1) the result determined for the county in STEP ONE of
19 IC 12-19-7-4(d) for the calendar year; minus

20 (2) the amount the county would be required to pay to the
21 state treasurer under this section, without any adjustment
22 under this section.

23 STEP TWO: If the result in STEP ONE is positive, the county
24 is not required to make a payment to the state treasurer
25 under this section for the keeping of offenders for the
26 calendar year.

27 STEP THREE: If the result in STEP ONE is negative, the
28 amount the county is required to pay to the state treasurer
29 under this section for the keeping of offenders for the
30 calendar year is equal to the result of:

31 (1) the amount the county would have been required to pay
32 to the state treasurer under this section for the keeping of
33 offenders for 2008 under subsection (a), without any
34 adjustment under this section; minus

35 (2) the result determined for the county in STEP ONE of
36 IC 12-19-7-4(d) for the calendar year.

37 (e) This subsection applies in a calendar year if the result
38 determined for the county in STEP ONE of IC 12-19-7-4(d) for the
39 calendar year is negative. The amount a county shall pay to the
40 state treasurer under this section is equal to the result of:

41 (1) the amount the county would be required to pay to the
42 state treasurer under this section for the calendar year,

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1 without any adjustment under this section; minus

2 (2) the greater of zero (0) or the difference between:

3 (A) the amount the county would be required to pay to the
4 state treasurer under this section for the calendar year,
5 without any adjustment under this section; minus

6 (B) the amount the county would have been required to
7 pay to the state treasurer under this section for the
8 preceding calendar year, without any adjustment under
9 this section.

10 ~~(b)~~ (f) A county is not liable for services provided an offender under
11 section 6 of this chapter or for the cost of keeping the offender while
12 those services are being provided.

13 SECTION 109. IC 12-13-7-17 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Before**
15 **January 1, 2008**, the part of the care and maintenance of the inmates
16 of the Plainfield Juvenile Correctional Facility and the Indianapolis
17 Juvenile Correctional Facility that under law is to be charged back to
18 the counties shall be paid from the county general fund and not the
19 county family and children's fund, unless otherwise provided by law.

20 (b) **After December 31, 2007, the cost of care and maintenance**
21 **of the inmates of the Plainfield Juvenile Correctional Facility and**
22 **the Indianapolis Juvenile Correctional Facility shall be adjusted as**
23 **provided in IC 11-10-2-3.**

24 SECTION 110. IC 12-19-1-15 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 15. (a) ~~A county~~
26 ~~office~~ **The department of child services** may receive and administer
27 a gift, devise, or bequest of personal property, including the income
28 from real property, that is:

29 (1) to or for the benefit of a home or an institution in which
30 dependent or neglected children are cared for under the
31 supervision of the ~~county office~~; **department of child services**;
32 or

33 (2) for the benefit of children who are committed to the care or
34 supervision of the ~~county office~~; **department of child services**.

35 (b) ~~A county office~~ **The department of child services** may invest
36 or reinvest money received under this section in the same types of
37 securities in which life insurance companies are authorized by law to
38 invest the money of the life insurance companies.

39 (c) The following shall be kept in ~~a special~~ **the family and children**
40 **trust clearance** fund and may not be commingled with any other fund
41 or with money received from taxation:

42 (1) All money received by the ~~county office~~ **department of child**

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1 **services** under this section.

2 (2) All money, proceeds, or income realized from real property or
3 other investments.

4 (d) Subject to the ~~approval of the judge or the court of the county~~
5 ~~having probate jurisdiction~~, **conditions imposed on the gift, devise, or**
6 **bequest by the donor**, money described in subsection (c)(1) or (c)(2)
7 may be expended by the ~~county office~~ **department of child services**
8 in any manner consistent with the purposes of the fund's creation and
9 with the intention of the donor.

10 SECTION 111. IC 12-19-1-16 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. ~~(a) This~~
12 ~~section does not apply to money received to reimburse the county~~
13 ~~family and children's fund for expenditures made from the~~
14 ~~appropriations of the county office.~~

15 **(a) The family and children trust clearance fund is established.**
16 **The department of child services shall administer the fund as a**
17 **trust fund. Money in the fund may be invested as money in other**
18 **trust funds is invested. The balance in the fund at the end of a state**
19 **fiscal year does not revert to the state general fund.**

20 (b) ~~A county office~~ **The department of child services** may receive
21 and administer money available to or for the benefit of a person
22 receiving payments or services from the county office. The following
23 applies to all money received under this section:

24 (1) The money shall be kept in ~~a special fund known as the county~~
25 ~~family and children trust clearance fund~~ and may not be
26 commingled with any other fund or with money received from
27 taxation.

28 (2) The money may be expended by the ~~county office~~ **department**
29 **of child services or the division** in any manner consistent with
30 the following:

31 (A) The purpose of the ~~county~~ family and children trust
32 clearance fund or with the intention of the donor of the money.

33 (B) Indiana law.

34 SECTION 112. IC 12-19-1.5-3.5 IS ADDED TO THE INDIANA
35 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
36 [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. As used in this chapter,**
37 **"implementation date" means the following:**

38 **(1) December 31, 1999, for pledges described in section 8(a) of**
39 **this chapter.**

40 **(2) December 31, 2007, for pledges described in section 8(b) of**
41 **this chapter.**

42 SECTION 113. IC 12-19-1.5-6 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. As used in this chapter, "replacement amount" means the sum of the property taxes imposed on the assessed value of property in the allocation area in excess of the base assessed value in **the following**:

(1) 1999 for:

~~(1)~~ (A) the county welfare fund; and

~~(2)~~ (B) the county welfare administration fund.

(2) 2007 for the county family and children's fund property tax levy.

SECTION 114. IC 12-19-1.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) This chapter applies to an allocation area in which:

(1) the holders of obligations received a pledge before July 1, 1999, of tax increment revenues to repay any part of the obligations due after December 31, 1999; and

(2) the elimination of a county welfare fund property tax levy or a county welfare administration fund property tax levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).

(b) This chapter also applies to an allocation area in which:

(1) the holders of obligations received a pledge before May 15, 2007, of tax increment revenues to repay any part of the obligations due after December 31, 2007; and

(2) the elimination of any part of a county family and children fund property tax levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).

~~(b)~~ (c) A governing body may use one (1) or more of the procedures described in sections 9 through 11 of this chapter to provide sufficient funds to repay the obligations described in subsection (a). The amount raised each year may not exceed the replacement amount.

SECTION 115. IC 12-19-1.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A governing body may, after a public hearing, impose a special assessment on the owners of property that is located in an allocation area to repay a bond or an obligation described in section 8 of this chapter that comes due after ~~December 31, 1999~~ **the implementation date**. The amount of a special assessment for a taxpayer shall be determined by multiplying the replacement amount by a fraction, the denominator of which is the total incremental assessed value in the allocation area, and the numerator of which is the incremental assessed value of the taxpayer's property in the allocation area. **Notwithstanding any other provision**

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1 of this chapter or IC 6-1.1-20.6, a governing body may file with the
 2 county auditor a certified statement providing that for purposes of
 3 computing and applying a credit under IC 6-1.1-20.6 for a
 4 particular calendar year, a taxpayer's property tax liability does
 5 not include the liability for a special assessment imposed under this
 6 chapter. The department of local government finance shall adopt
 7 the form of the certified statement that a governing body may file
 8 under this subsection. The department of local government finance
 9 shall establish procedures governing the filing of a certified
 10 statement under this subsection. If a governing body files a
 11 certified statement under this subsection, then for purposes of
 12 computing and applying a credit under IC 6-1.1-20.6 for the
 13 specified calendar year, a taxpayer's property tax liability does not
 14 include the liability for a special assessment imposed under this
 15 chapter.

16 (b) Before a public hearing under subsection (a) may be held, the
 17 governing body must publish notice of the hearing under IC 5-3-1. The
 18 notice must state that the governing body will meet to consider whether
 19 a special assessment should be imposed under this chapter and whether
 20 the special assessment will help the governing body realize the
 21 redevelopment or economic development objectives for the allocation
 22 area or honor its obligations related to the allocation area. The notice
 23 must also name a date when the governing body will receive and hear
 24 remonstrances and objections from persons affected by the special
 25 assessment. All persons affected by the hearing, including all taxpayers
 26 within the allocation area, shall be considered notified of the pendency
 27 of the hearing and of subsequent acts, hearings, and orders of the
 28 governing body by the notice. At the hearing, which may be adjourned
 29 from time to time, the governing body shall hear all persons affected by
 30 the proceedings and shall consider all written remonstrances and
 31 objections that have been filed. The only grounds for remonstrance or
 32 objection are that the special assessment will not help the governing
 33 body realize the redevelopment or economic development objectives
 34 for the allocation area or honor its obligations related to the allocation
 35 area. After considering the evidence presented, the governing body
 36 shall take final action concerning the proposed special assessment. The
 37 final action taken by the governing body shall be recorded and is final
 38 and conclusive, except that an appeal may be taken in the manner
 39 prescribed by subsection (c).

40 (c) A person who filed a written remonstrance with a governing
 41 body under subsection (b) and is aggrieved by the final action taken
 42 may, within ten (10) days after that final action, file in the office of the

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clerk of the circuit or superior court a copy of the order of the governing body and the person's remonstrance or objection against that final action, together with a bond conditioned to pay the costs of appeal if the appeal is determined against the person. The only ground of remonstrance or objection that the court may hear is whether the proposed assessment will help achieve the redevelopment of economic development objectives for the allocation area or honor its obligations related to the allocation area. An appeal under this subsection shall be promptly heard by the court without a jury. All remonstrances or objections upon which an appeal has been taken must be consolidated, heard, and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the remonstrances or objections, and may confirm the final action of the governing body or sustain the remonstrances or objections. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

(d) The maximum amount of a special assessment under this section may not exceed the replacement amount.

(e) A special assessment shall be imposed and collected in the same manner as ad valorem property taxes are imposed and collected.

SECTION 116. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:

- (1) is in addition to all other tax levies authorized; and
- (2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

- (1) All receipts from the tax imposed under this section.
- (2) All grants-in-aid, whether received from the federal government or state government.
- (3) Any family and children replacement distribution that is paid by the state to the county under IC 12-19-7.2 for 2008 and thereafter.**

~~(3)~~ (4) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of ~~paying expenses and~~

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obligations set forth in the annual budget that is submitted and approved: **making a transfer to the state required under section 35 of this chapter.**

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 117. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsections (b) through (f),** for taxes first due and payable in each year after 2005, each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

(b) This subsection applies to a county in 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008 is positive. The county family and children property tax levy for calendar year 2008 shall be adjusted as provided in STEP TWO or STEP THREE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

- (1) the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008; minus
- (2) the county family and children property tax levy to be imposed in 2008, as determined under subsection (a) before adjustment under this subsection.

STEP TWO: If the result in STEP ONE is positive:

- (1) the county may not impose a county family and children property tax levy in 2008; and
- (2) the state shall pay to the county a family and children replacement distribution under IC 12-19-7.2.

STEP THREE: If the result in STEP ONE is negative:

- (1) the county family and children property tax levy to be imposed in 2008 is equal to the result of:
 - (A) the county family and children property tax levy to be imposed in 2008, as determined under subsection (a) before adjustment under this subsection; minus
 - (B) the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008; and
- (2) the state shall pay to the county a state family and children replacement distribution under IC 12-19-7.2.

(c) If the result determined for a county in STEP THREE of IC 20-45-3-11(b) for 2008 is negative:

- (1) the county family and children property tax levy for 2008

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is the amount determined under subsection (a) for 2008, without any adjustment under this section; and

(2) the county is not entitled to a family and children replacement distribution under IC 12-19-7.2 for 2008.

(d) This subsection applies to a county in a calendar year after 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year is positive. The county family and children property tax levy for the calendar year shall be adjusted as provided in STEP TWO or STEP FIVE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year; minus

(2) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b).

STEP TWO: If the STEP ONE amount is positive, determine the result of:

(1) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) without any adjustment under this subsection; minus

(2) the sum of:

(A) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b); plus

(B) the greater of zero (0) or one-half (1/2) of the difference between:

(i) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) without any adjustment under this subsection; minus

(ii) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before any adjustment under this section.

The state shall pay to the county a family and children replacement distribution under IC 12-19-7.2 equal to the subdivision (2) amount.

STEP THREE: If the STEP ONE amount is negative, determine the result of STEPS FOUR through FIVE:

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STEP FOUR: Determine the result of:

- (1) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b); minus
- (2) the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year.

STEP FIVE: Determine the sum of:

- (1) the STEP FOUR result; plus
- (2) the greater of zero (0) or one-half (1/2) of the difference between:

(A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus

(B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

If the STEP ONE amount is negative, the state shall pay to the county a family and children replacement distribution under IC 12-19-7.2 equal to the result determined in this STEP.

(e) This subsection applies to a county in a calendar year after 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year is negative. The county family and children property tax levy for the calendar year is equal to the result of:

- (1) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
- (2) the greater of zero (0) or one-half (1/2) of the difference between:

(A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus

(B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

(f) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first

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imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's family and children property tax levy under this section for the ensuing calendar year may not exceed the result of:

(1) the county's family and children property tax levy as determined under subsections (a) through (e); minus

(2) the greater of zero (0) or one-half (1/2) of the difference between:

(A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus

(B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

~~(b)~~ (g) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3.

SECTION 118. IC 12-19-7-35 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 35. Subject to this section, before the fifth day of each month, all money contained in a county's fund at the end of the preceding month shall be transferred to the state family and children's fund established by IC 31-25-2-20.**

SECTION 119. IC 12-19-7.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 7.2. Family and Children Replacement Distributions

Sec. 1. (a) The department of local government finance shall before May 1 of each year after 2007 certify to the auditor of state the sum of the following amounts for each county for that year:

(1) For 2008:

(A) If STEP TWO of IC 12-19-7-4(b) applies to the county, the amount specified in STEP ONE (2) of IC 12-19-7-4(b).

(B) If STEP THREE of IC 12-19-7-4(b) applies to the county, the amount specified in STEP THREE (1)(B) of IC 12-19-7-4(b).

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(2) For 2009 and thereafter:

(A) If STEP TWO of IC 12-19-7-4(d) applies to the county, the amount specified in STEP TWO (2) of IC 12-19-7-4(d).

(B) If STEP THREE of IC 12-19-7-4(d) applies to the county, the amount specified in STEP FIVE (2) of IC 12-19-7-4(d).

(C) If IC 12-19-7-4(e) applies to the county, the amount specified in IC 12-19-7-4(e)(2).

(b) The department of local government finance shall make the certifications based on the best information available at the time the certification is made.

Sec. 2. The amount certified under section 1 of this chapter for a county is the county's family and children replacement distribution for the year. However, the amount certified for a county may be adjusted by the department of local government finance.

Sec. 3. Before June 1 of each year, the auditor of state shall distribute to each county treasurer from the state general fund one-half (1/2) of the family and children replacement distribution for that year for the county. Before December 1 of that year, the auditor of state shall distribute to each county treasurer from the state general fund the remaining one-half (1/2) of the family and children replacement distribution for that year.

Sec. 4. The family and children replacement distribution under section 3 of this chapter shall be deposited in the county family and children's fund.

Sec. 5. On or before December 31 of each year or as soon thereafter as possible, the department of local government finance shall make a final determination of the amount that should be distributed to each county under this chapter for the year. This determination is the final determination of distribution. The department of local government finance shall certify these amounts to the auditor of state and to each county treasurer. The auditor of state shall distribute to a county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the child protection distributions made for that year and the final determination of distribution for that year.

Sec. 6. (a) All distributions required by this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

(b) There is annually appropriated from the state general fund an amount sufficient to make the distributions required by this

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chapter.

SECTION 120. IC 12-19-7.5-6, AS AMENDED BY P.L.234-2005, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Except as provided by subsection (b),** for taxes first due and payable in each year after 2005, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the county children's psychiatric residential treatment services property tax levy necessary to pay the costs of children's psychiatric residential treatment services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the maximum county children's psychiatric residential treatment services property tax levy for the ensuing calendar year is equal to the maximum county children's psychiatric residential treatment services property tax levy in the current year.

~~(b)~~ (c) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 121. IC 12-29-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. All general Indiana statutes relating to the following apply to the issuance of county bonds under this chapter:

- (1) The filing of a petition requesting the issuance of bonds.
- (2) The giving of notice of the following:
 - (A) The filing of the petition requesting the issuance of the bonds.
 - (B) The determination to issue bonds.
 - (C) A hearing on the appropriation of the proceeds of the bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**



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(5) The right of taxpayers to remonstrate against the issuance of bonds.

SECTION 122. IC 12-29-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county shall fund the operation of community mental health centers in the amount determined under subsection (b), unless a lower tax levy amount will be adequate to fulfill the county's financial obligations under this chapter in any of the following situations:

(1) If the total population of the county is served by one (1) center.

(2) If the total population of the county is served by more than one (1) center.

(3) If the partial population of the county is served by one (1) center.

(4) If the partial population of the county is served by more than one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

(1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

(2) **Except as provided in subsection (c),** for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased

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1 in a particular year under IC 6-3.5-6-30. Notwithstanding any
 2 provision in this section or any other section of this chapter, for a
 3 county subject to this subsection, the county's maximum property
 4 tax levy under this section to fund the operation of community
 5 mental health centers for the ensuing calendar year is equal to the
 6 county's maximum property tax levy to fund the operation of
 7 community mental health centers for the current calendar year.

8 SECTION 123. IC 13-18-8-2 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If the
 10 offender is a municipal corporation, the cost of:

11 (1) acquisition, construction, repair, alteration, or extension of the
 12 necessary plants, machinery, or works; or

13 (2) taking other steps that are necessary to comply with the order;
 14 shall be paid out of money on hand available for these purposes or out
 15 of the general money of the municipal corporation not otherwise
 16 appropriated.

17 (b) If there is not sufficient money on hand or unappropriated, the
 18 necessary money shall be raised by the issuance of bonds. The bond
 19 issue is subject only to the approval of the department of local
 20 government finance **(before January 1, 2009) or the county board of**
 21 **tax and capital projects review (after December 31, 2008).**

22 SECTION 124. IC 14-30-2-19 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The commission
 24 shall prepare an annual budget for the commission's operation and
 25 other expenditures under IC 6-1.1-17. However, the annual budget is
 26 not subject to review and modification by the county board of tax
 27 adjustment **(before January 1, 2009) or the county board of tax and**
 28 **capital projects review (after December 31, 2008)** of any county.
 29 Notwithstanding any other law, the budget of the commission shall be
 30 treated for all other purposes as if the appropriate county board of tax
 31 adjustment **(before January 1, 2009) or the county board of tax and**
 32 **capital projects review (after December 31, 2008)** had approved the
 33 budget.

34 SECTION 125. IC 14-30-4-16 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) The commission
 36 shall prepare an annual budget for the commission's operation and
 37 other expenditures under IC 6-1.1-17. The annual budget is subject to
 38 review and modification by the county board of tax adjustment **(before**
 39 **January 1, 2009) or the county board of tax and capital projects**
 40 **review (after December 31, 2008)** of any participating county.

41 (b) The commission is not eligible for funding through the Wabash
 42 River heritage corridor commission established by IC 14-13-6-6.

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SECTION 126. IC 14-33-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The budget of a district:

(1) must be prepared and submitted:

(A) at the same time;

(B) in the same manner; and

(C) with notice;

as is required by statute for the preparation of budgets by municipalities; and

(2) is subject to the same review by:

(A) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** and

(B) the department of local government finance;

as is required by statute for the budgets of municipalities.

(b) If a district is established in more than one (1) county:

(1) except as provided in subsection (c), the budget shall be certified to the auditor of the county in which is located the court that had exclusive jurisdiction over the establishment of the district; and

(2) notice must be published in each county having land in the district. Any taxpayer in the district is entitled to be heard before the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** having jurisdiction.

(c) If one (1) of the counties in a district contains either a first or second class city located in whole or in part in the district, the budget:

(1) shall be certified to the auditor of that county; and

(2) is subject to review at the county level only by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of that county.

SECTION 127. IC 16-33-4-17.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17.5. (a) **The department of child services shall pay,** in the case of a child who is:

(1) admitted to the home from another county; and

(2) adjudicated to be a delinquent child or child in need of services by the juvenile court in the county where the home is located;

~~the juvenile court may order the county office of family and children of the child's county of residence before the child's admission to the home, to reimburse~~ the cost of services ordered by the juvenile court,

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including related transportation costs, and any cost incurred by the county to transport or detain the child before the order is issued.

(b) ~~A county office of family and children ordered to reimburse costs under this section~~ **The department of child services** shall pay the amount ordered from the ~~county state~~ family and children's fund **under IC 31-25-2-20.**

(c) The county office of family and children may require the parent or guardian of the child, other than a parent, guardian, or custodian associated with the home, to reimburse the ~~county family and children's fund~~ **department of child services** for an amount paid under this section.

(d) A child who is admitted to the home does not become a resident of the county where the home is located.

(e) When an unemancipated child is released from the home, the county office of family and children for the child's county of residence before entering the home is responsible for transporting the child to the parent or guardian of the child. If a parent or guardian does not exist for an unemancipated child released from the home, the county office of family and children of the child's county of residence before entering the home shall obtain custody of the child.

SECTION 128. IC 20-26-11-12, AS AMENDED BY P.L.145-2006, SECTION 150, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) If a student is transferred under section 5 of this chapter from a school corporation in Indiana to a public school corporation in another state, the transferor corporation shall pay the transferee corporation the full tuition fee charged by the transferee corporation. However, the amount of the full tuition fee may not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount may not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(b) If a child is:

(1) placed by a court order in an out-of-state institution or other facility; and

(2) provided all educational programs and services by a public school corporation in the state where the child is placed, whether at the facility, the public school, or another location;

~~the county office of family and children for the county placing the child~~ **department of child services** shall pay from the ~~county state~~ family and children's fund **under IC 31-25-2-20** to the public school corporation in which the child is enrolled the amount of transfer tuition

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specified in subsection (c).

(c) The transfer tuition for which a county office is obligated under subsection (b) is equal to the following:

(1) The amount under a written agreement among the ~~county office,~~ **department of child services,** the institution or other facility, and the governing body of the public school corporation in the other state that specifies the amount and method of computing transfer tuition.

(2) The full tuition fee charged by the transferee corporation, if subdivision (1) does not apply. However, the amount of the full tuition fee must not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount must not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(d) If a child is:

(1) placed by a court order in an out-of-state institution or other facility; and

(2) provided:

(A) onsite educational programs and services either through the facility's employees or by contract with another person or organization that is not a public school corporation; or

(B) educational programs and services by a nonpublic school; the ~~county office of family and children for the county placing the child~~ **department of child services** shall pay from the ~~county state~~ family and children's fund **under IC 31-25-2-20** in an amount and in the manner specified in a written agreement between the ~~county office~~ **department of child services** and the institution or other facility.

(e) An agreement described in subsection (c) or (d) is subject to the approval of the director of the department of child services. However, for purposes of IC 4-13-2, the agreement shall not be treated as a contract.

SECTION 129. IC 20-26-11-13, AS AMENDED BY P.L.2-2006, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational

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1 training, or career education.

2 (2) "Special equipment" means equipment that during a school
3 year:

4 (A) is used only when a child with disabilities is attending
5 school;

6 (B) is not used to transport a child to or from a place where the
7 child is attending school;

8 (C) is necessary for the education of each child with
9 disabilities that uses the equipment, as determined under the
10 individualized education program for the child; and

11 (D) is not used for or by any child who is not a child with
12 disabilities.

13 (3) "Student enrollment" means the following:

14 (A) The total number of students in kindergarten through
15 grade 12 who are enrolled in a transferee school corporation
16 on a date determined by the state board.

17 (B) The total number of students enrolled in a class of school
18 in a transferee school corporation on a date determined by the
19 state board.

20 However, a kindergarten student shall be counted under clauses
21 (A) and (B) as one-half (1/2) student. The state board may select
22 a different date for counts under this subdivision. However, the
23 same date shall be used for all school corporations making a count
24 for the same class of school.

25 (b) Each transferee corporation is entitled to receive for each school
26 year on account of each transferred student, except a student
27 transferred under section 6 of this chapter, transfer tuition from the
28 transferor corporation or the state as provided in this chapter. Transfer
29 tuition equals the amount determined under STEP THREE of the
30 following formula:

31 STEP ONE: Allocate to each transfer student the capital
32 expenditures for any special equipment used by the transfer
33 student and a proportionate share of the operating costs incurred
34 by the transferee school for the class of school where the transfer
35 student is enrolled.

36 STEP TWO: If the transferee school included the transfer student
37 in the transferee school's ADM for a school year, allocate to the
38 transfer student a proportionate share of the following general
39 fund revenues of the transferee school for, except as provided in
40 clause (C), the calendar year in which the school year ends:

41 (A) State tuition support distributions.

42 (B) Property tax levies.

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(C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.

(D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the ~~county office of the county of the student's legal settlement under IC 12-19-7~~ **department of child services** for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure that is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
 - (A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
 - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each

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1 school year by dividing:

- 2 (1) the transferee school corporation's operating costs for the class
- 3 of school in which the transfer student is enrolled; by
- 4 (2) the student enrollment of the class of school in which the
- 5 transfer student is enrolled.

6 When a transferred student is enrolled in a transferee corporation for
 7 less than the full school year of student attendance, the transfer tuition
 8 shall be calculated by the part of the school year for which the
 9 transferred student is enrolled. A school year of student attendance
 10 consists of the number of days school is in session for student
 11 attendance. A student, regardless of the student's attendance, is enrolled
 12 in a transferee school unless the student is no longer entitled to be
 13 transferred because of a change of residence, the student has been
 14 excluded or expelled from school for the balance of the school year or
 15 for an indefinite period, or the student has been confirmed to have
 16 withdrawn from school. The transferor and the transferee corporation
 17 may enter into written agreements concerning the amount of transfer
 18 tuition due in any school year. If an agreement cannot be reached, the
 19 amount shall be determined by the state board, and costs may be
 20 established, when in dispute, by the state board of accounts.

21 (g) A transferee school shall allocate revenues described in
 22 subsection (b) STEP TWO to a transfer student by dividing:

- 23 (1) the total amount of revenues received; by
- 24 (2) the ADM of the transferee school for the school year that ends
- 25 in the calendar year in which the revenues are received.

26 However, for state tuition support distributions or any other state
 27 distribution computed using less than the total ADM of the transferee
 28 school, the transferee school shall allocate the revenues to the transfer
 29 student by dividing the revenues that the transferee school is eligible
 30 to receive in a calendar year by the student count used to compute the
 31 state distribution.

32 (h) Instead of the payments provided in subsection (b), the
 33 transferor corporation or state owing transfer tuition may enter into a
 34 long term contract with the transferee corporation governing the
 35 transfer of students. The contract may:

- 36 (1) be entered into for a period of not more than five (5) years
- 37 with an option to renew;
- 38 (2) specify a maximum number of students to be transferred; and
- 39 (3) fix a method for determining the amount of transfer tuition
- 40 and the time of payment, which may be different from that
- 41 provided in section 14 of this chapter.

42 (i) If the school corporation can meet the requirements of

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IC 20-43-9-8, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 20-45-6-8, the school corporation may appeal for an excessive levy as provided under IC 20-45-6-8.

SECTION 130. IC 20-33-2-29, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 29. (a) It is unlawful for a person operating or responsible for:

- (1) an educational **school**;
- (2) a correctional **school**;
- (3) a charitable **school**; or
- (4) a benevolent institution or training school;

to fail to ensure that a child under the person's authority attends school as required under this chapter. Each day of violation of this section constitutes a separate offense.

(b) If a child is placed in an institution or facility under a court order, the institution or facility shall charge the ~~county office of family and children of the county of the child's legal settlement under IC 12-19-7~~ **department of child services** for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per child cost.

SECTION 131. IC 20-43-3-5, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in this section, "school corporation" does not include a charter school.

(b) A school corporation's adjusted tuition support levy for a calendar year is the result determined using the following formula:

STEP ONE: Determine the school corporation's maximum permissible tuition support levy.

STEP TWO: Determine the sum of the following:

- (A) An amount equal to the annual decrease in federal aid to

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1 impacted areas from the calendar year preceding the ensuing
 2 calendar year by three (3) years to the year preceding the
 3 ensuing calendar year by two (2) years.

4 (B) The part of the school corporation's maximum permissible
 5 tuition support levy for the calendar year that equals the
 6 original amount of the levy imposed by the school corporation
 7 to cover the costs of opening a new school facility during the
 8 preceding calendar year.

9 (C) The part of the school corporation's maximum permissible
 10 tuition support levy for the calendar year that is added to the
 11 school corporation's maximum permissible tuition support levy
 12 in the calendar year to provide revenue for one (1) or more
 13 charter schools attended by students with legal settlement in
 14 the school corporation.

15 STEP THREE: Determine the **greater of zero (0) or** difference
 16 of:

17 (A) the STEP ONE amount; minus

18 (B) the STEP TWO amount.

19 SECTION 132. IC 20-44-2-2, AS ADDED BY P.L.2-2006,
 20 SECTION 167, IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: Sec. 2. **Except as provided in**
 22 **IC 20-45-3-11**, each governing body may annually levy the amount of
 23 taxes that:

24 (1) in the judgment of the governing body; and

25 (2) after being made a matter of record in the minutes;

26 should be levied to produce income sufficient to conduct and carry on
 27 the public schools committed to the governing body.

28 SECTION 133. IC 20-45-2-1, AS ADDED BY P.L.2-2006,
 29 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in**
 31 **IC 20-45-3-11**, the governing body of each school corporation shall
 32 levy a property tax for the school corporation's general fund.

33 SECTION 134. IC 20-45-2-3, AS ADDED BY P.L.2-2006,
 34 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A school corporation that did
 36 not impose a general fund tax levy for the preceding calendar year may
 37 not collect a general fund tax levy for the ensuing calendar year until
 38 the general fund tax levy (and the related budget, appropriations, and
 39 general fund tax rate), after being adopted and advertised, is:

40 (1) considered by the proper county board of tax adjustment
 41 **(before January 1, 2009) or the county board of tax and**
 42 **capital projects review (after December 31, 2008)** as provided

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1 by law;

2 (2) reviewed by the tax control board, which shall make its
3 recommendations in respect to the general fund tax levy to the
4 department; and

5 (3) approved by the department of local government finance.

6 (b) For purposes of this article, the school corporation's initial
7 maximum permissible tuition support levy must be based on the taxes
8 collectible in the first full calendar year after the approval.

9 (c) If territory is transferred from one (1) school corporation to
10 another under IC 20-4-4 (before its repeal), IC 20-3-14 (before its
11 repeal), IC 20-23-5, or IC 20-25-5, maximum permissible tuition
12 support levy and the other terms used in this article shall be interpreted
13 as though the assessed valuation of the territory had been transferred
14 before March 1, 1977, in accordance with rules and a final
15 determination by the department of local government finance.

16 SECTION 135. IC 20-45-3-1, AS ADDED BY P.L.2-2006,
17 SECTION 168, IS AMENDED TO READ AS FOLLOWS
18 [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in**
19 **IC 20-45-3-11**, a school corporation may impose a tuition support levy
20 for the school corporation's general fund.

21 SECTION 136. IC 20-45-3-11, AS ADDED BY P.L.2-2006,
22 SECTION 168, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) Except as provided in**
24 **subsections (b) and (c)**, a school corporation's tuition support levy for
25 a calendar year is the sum of the following:

26 (1) The school corporation's equalized levy for the calendar year.

27 (2) An amount equal to the annual decrease in federal aid to
28 impacted areas from the year preceding the ensuing calendar year
29 by three (3) years to the year preceding the ensuing calendar year
30 by two (2) years.

31 (3) The part of the maximum permissible tuition support levy for
32 the year that equals the original amount of the levy by the school
33 corporation to cover the costs of opening a new school facility or
34 reopening an existing facility during the preceding year.

35 (4) The amount determined under STEP FOUR of the following
36 formula:

37 STEP ONE: Determine the target revenue per ADM for each
38 charter school that included at least one (1) student who has
39 legal settlement in the school corporation in the charter
40 school's current ADM.

41 STEP TWO: For each charter school, multiply the STEP ONE
42 amount by the number of students who have legal settlement

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in the school corporation and who are included in the charter school's current ADM.

STEP THREE: Determine the sum of the STEP TWO amounts.

STEP FOUR: Multiply the STEP THREE amount by thirty-five hundredths (0.35).

(b) For calendar year 2008, the portion of a school corporation's tuition support levy in a particular county (after the application of any locally paid property tax replacement credits under IC 6-3.5-1.1) shall be adjusted as provided in STEP FOUR or STEP SIX (as applicable) of the following STEPS:

STEP ONE: Determine the state property tax replacement amount under IC 6-1.1-21.1 for 2008 for the county in which the school corporation is located.

STEP TWO: Determine the result of:

(1) the sum of the tuition support levies imposed in the county in 2007, by all school corporations in the county in which the school corporation is located; multiplied by

(2) one and thirty-five thousandths (1.035).

STEP THREE: Determine the result of:

(1) the STEP ONE amount; minus

(2) the STEP TWO amount.

STEP FOUR: If the STEP THREE amount is positive, the school corporation's tuition support levy in the county for 2008 is zero dollars (\$0).

STEP FIVE: If the STEP THREE amount is negative, determine the STEP SIX result.

STEP SIX: Determine the result of:

(1) the absolute value of the STEP THREE amount; multiplied by

(2) the result of:

(A) the tuition support levy imposed in the county by the school corporation in 2007; divided by

(B) the sum of the tuition support levies imposed in the county in 2007 by all school corporations in the county.

If the STEP THREE amount is negative, the school corporation's tuition support levy in the county for 2008 is the amount determined under this STEP.

(c) For calendar years after 2008, the portion of a school corporation's tuition support levy in a particular county shall be adjusted as provided in STEP FOUR or STEP SIX (as applicable) of the following STEPS:

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1 **STEP ONE: Determine the greater of zero (0) or the**
 2 **difference between the state property tax replacement amount**
 3 **under IC 6-1.1-21.1 for the current calendar year and for the**
 4 **preceding calendar year for the county in which the school**
 5 **corporation is located.**

6 **STEP TWO: Determine the sum of the tuition support levies**
 7 **imposed in the county in the preceding calendar year.**

8 **STEP THREE: Determine the result of:**

9 (1) the STEP ONE amount; minus

10 (2) the STEP TWO amount.

11 **STEP FOUR: If the STEP THREE amount is positive, the**
 12 **school corporation's tuition support levy in the county for the**
 13 **calendar year is equal to zero dollars (\$0).**

14 **STEP FIVE: If the STEP THREE amount is negative,**
 15 **determine the STEP SIX result.**

16 **STEP SIX: Determine the result of:**

17 (1) the absolute value of the STEP THREE amount;
 18 multiplied by

19 (2) the result of:

20 (A) the result of:

21 (i) tuition support levy imposed in the county by the
 22 school corporation in the preceding year; divided by

23 (ii) the sum of the tuition support levies imposed in the
 24 county in the preceding calendar year by all the school
 25 corporations in the county.

26 **If the STEP THREE amount is negative, the school**
 27 **corporation's tuition support levy in the county for the**
 28 **calendar year is the amount determined under this STEP.**

29 SECTION 137. IC 20-45-4-1, AS ADDED BY P.L.2-2006,
 30 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2007]: Sec. 1. A county board of tax adjustment
 32 **(before January 1, 2009) or the county board of tax and capital**
 33 **projects review (after December 31, 2008)** may not approve or
 34 recommend the approval of an excessive tax levy.

35 SECTION 138. IC 20-45-4-2, AS ADDED BY P.L.2-2006,
 36 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2007]: Sec. 2. If a school corporation adopts or
 38 advertises an excessive tax levy, the county board of tax adjustment
 39 **(before January 1, 2009) or the county board of tax and capital**
 40 **projects review (after December 31, 2008)** that reviews the school
 41 corporation's budget, tax levy, and tax rate shall reduce the excessive
 42 tax levy to the maximum permissible tuition support levy.

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SECTION 139. IC 20-45-4-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. If a county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** approves or recommends the approval of an excessive tax levy for a school corporation, the auditor of the county for which the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** is acting shall reduce the excessive tax levy to the maximum permissible tuition support levy. The reduction shall be set out in the notice required to be published by the county auditor under IC 6-1.1-17-12. An appeal shall be permitted as provided under IC 6-1.1-17 as modified by IC 6-1.1-19 and this article.

SECTION 140. IC 20-45-4-4, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. Appeals from any action of a county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or a county auditor concerning a school corporation's budget, property tax levy, or property tax rate may be taken as provided for by IC 6-1.1-17 and IC 6-1.1-19. Notwithstanding IC 6-1.1-17 and IC 6-1.1-19, a school corporation may appeal to the department of local government finance for emergency financial relief for the ensuing calendar year at any time before:

(1) September 20; or

(2) in the case of a request described in IC 20-45-6-5 or IC 20-46-6-6, December 31;

of the calendar year immediately preceding the ensuing calendar year.

SECTION 141. IC 20-45-5-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The tax control board shall, after the tax control board studies the appeal petition and related materials, recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor, in respect of the appellant school corporation's budget, tax levy, or tax rate for the ensuing calendar year, be approved;

(2) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor

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concerning the appellant school corporation's budget, tax levy, or tax rate for the calendar year be disapproved and that the appellant school corporation's budget, tax levy, or tax rate for the calendar year be:

(A) reduced; or

(B) increased;

as specified in the tax control board's recommendation; or

(3) combined with a recommendation allowed under subdivision

(1) or (2), a new facility adjustment be granted to permit the school corporation's tuition support levy to be increased if the school corporation can show a need for the increase because of:

(A) the opening after December 31, 1972, of a new school facility; or

(B) the reopening after July 1, 1988, of an existing facility that:

(i) was not used for at least three (3) years immediately before the reopening; and

(ii) is reopened to provide additional classroom space.

SECTION 142. IC 20-45-6-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not prohibit a school corporation from imposing an excessive tax levy authorized under this chapter.**

SECTION 143. IC 20-45-6-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) This section applies with respect to every appeal petition of a school corporation that:

(1) is delivered to the tax control board by the department of local government finance under IC 6-1.1-19-4.1; and

(2) includes a request for emergency financial relief.

(b) This section does not apply to an appeal petition described in section 5 or 6 of this chapter.

(c) The tax control board shall, after studying the appeal petition and related materials, make an appropriate recommendation to the department of local government finance.

(d) If the appeal petition requests a referendum under IC 20-46-1, the tax control board shall expedite the tax control board's review as necessary to permit the referendum to be conducted without a special election.

(e) In respect to the appeal petition, the tax control board may make

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to the department of local government finance any of the recommendations described in IC 20-45-5-3, subject to the limitations described in IC 20-45-5-6.

(f) In addition to a recommendation under subsection (c) or (e), if the tax control board concludes that the appellant school corporation cannot, in a calendar year, carry out the public educational duty committed to the appellant school corporation by law if the appellant school corporation does not receive emergency financial relief for the calendar year, the tax control board may recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, or the county auditor in respect of the budget, tax levy, or tax rate of the appellant school corporation be:

(A) approved; or

(B) disapproved and modified;

as specified in the tax control board's recommendation; and

(2) the appellant school corporation receive emergency financial relief from the state:

(A) on terms to be specified by the tax control board in the tax control board's recommendation; and

(B) in the form permitted under subsection (g).

(g) The tax control board may recommend emergency financial relief for a school corporation under subsection (f) in the form of:

(1) a grant or grants from any funds of the state that are available for that purpose;

(2) a loan or loans from any funds of the state that are available for that purpose;

(3) permission to the appellant school corporation to borrow funds from a source other than the state or assistance in obtaining the loan;

(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations;

(5) permission to the appellant school corporation to:

(A) cancel any unpaid obligation of the appellant school corporation's general fund to the appellant school corporation's capital projects fund; or

(B) use for general fund purposes:

(i) any unobligated balance in the appellant school corporation's capital projects fund; and

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- (ii) the proceeds of any levy made or to be made by the school corporation for;
- the school corporation's capital projects fund;
- (6) permission to use, for general fund purposes, any unobligated balance in any debt service or other construction fund, including any unobligated proceeds of a sale of the school corporation's general obligation bonds; or
- (7) a combination of the emergency financial relief described in subdivisions (1) through (6).

SECTION 144. IC 20-45-7-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not prohibit a county council from imposing a tax under this chapter.**

SECTION 145. IC 20-45-7-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The county auditor shall compute the amount of the tax to be levied each year. Before August 2, the county auditor shall certify the amount to the county council.

(b) The tax rate shall be advertised and fixed by the county council in the same manner as other property tax rates. The tax rate shall be subject to all applicable law relating to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

(c) The department of local government finance shall certify the tax rate at the time it certifies the other county tax rates.

(d) The department of local government finance shall raise or lower the tax rate to the tax rate provided in this chapter, regardless of whether the certified tax rate is below or above the tax rate advertised by the county.

SECTION 146. IC 20-45-8-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not prohibit a board of county commissioners from imposing a county supplemental school financing tax under this chapter.**

SECTION 147. IC 20-45-8-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. The tax levy is subject to all

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laws concerning review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

SECTION 148. IC 20-46-1-18, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. **(a)** A school corporation's levy may not be considered in the determination of the school corporation's state tuition support under IC 20-43 or the determination of the school corporation's maximum permissible tuition support levy under IC 20-45-3.

(b) The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not affect:

(1) the authority for voters to approve a referendum tax levy in a referendum under this chapter; and

(2) the authority for a school corporation to collect a referendum tax levy approved in a referendum under this chapter.

SECTION 149. IC 20-46-4-6, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. **(a) Except as provided in subsection (b), the levy may not exceed:**

(1) the amount determined by multiplying:

(A) the school corporation's levy for the fund for the previous year under IC 21-2-11.5 (before its repeal) or this chapter, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; by

(B) the assessed value growth quotient determined under IC 6-1.1-18.5-2; plus

(2) in 2006 and 2007, the amount determined under section 9 of this chapter.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a school corporation that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under

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1 **IC 6-3.5-6-30. Notwithstanding any provision in this section or any**
 2 **other section of this chapter and except as provided in subsection**
 3 **(c), for a school corporation subject to this subsection, the**
 4 **maximum levy under this section for the ensuing calendar year is**
 5 **equal to the school corporation's maximum levy for the fund in the**
 6 **current year.**

7 **(c) In the case of a school corporation that:**

8 **(1) is partially located in a county for which a county adjusted**
 9 **gross income tax rate is first imposed or is increased in a**
 10 **particular year under IC 6-3.5-1.1-24 or for which a county**
 11 **option income tax rate is first imposed or is increased in a**
 12 **particular year under IC 6-3.5-6-30; and**

13 **(2) is partially located in a county that is not described in**
 14 **subdivision (1);**

15 **the department of local government shall, notwithstanding**
 16 **subsection (b), adjust the portion of the school corporation's**
 17 **maximum levy under this section that is attributable (as**
 18 **determined by the department of local government finance) to the**
 19 **county or counties described in subdivision (2). The department of**
 20 **local government shall adjust this portion of the school**
 21 **corporation's maximum levy so that, notwithstanding subsection**
 22 **(g), this portion is allowed to increase as otherwise provided in this**
 23 **section. If the department of local government finance increases**
 24 **the school corporation's maximum levy under this subsection, any**
 25 **additional property taxes imposed by the school corporation under**
 26 **the increase in the maximum levy shall be paid only by the**
 27 **taxpayers in the county or counties described in subdivision (2).**

28 **SECTION 150. IC 20-46-7-8, AS AMENDED BY P.L.192-2006,**
 29 **SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 30 **JULY 1, 2007]: Sec. 8. (a) A school corporation must file a petition**
 31 **requesting approval from the department of local government finance**
 32 **to:**

33 **(1) incur bond indebtedness;**

34 **(2) enter into a lease rental agreement; or**

35 **(3) repay from the debt service fund loans made for the purchase**
 36 **of school buses under IC 20-27-4-5;**

37 **not later than twenty-four (24) months after the first date of publication**
 38 **of notice of a preliminary determination under IC 6-1.1-20-3.1(2),**
 39 **unless the school corporation demonstrates that a longer period is**
 40 **reasonable in light of the school corporation's facts and circumstances.**

41 **(b) A school corporation must obtain approval from the department**
 42 **of local government finance before the school corporation may:**

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- (1) incur the indebtedness;
- (2) enter into the lease agreement; or
- (3) repay the school bus purchase loan.

(c) This restriction does not apply to property taxes that a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974. In addition, this restriction does not apply to a lease agreement or a purchase agreement entered into between a school corporation and the Indiana bond bank for the lease or purchase of a school bus under IC 5-1.5-4-1(a)(5), if the lease agreement or purchase agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under IC 21-2-11.5-3.1.

(d) This section does not apply to:

(1) school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school corporation; or

(2) bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.

SECTION 151. IC 20-46-7-9, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may:

- (1) approve;
- (2) disapprove; or
- (3) modify then approve;

a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan. Before the department of local government finance approves or disapproves a proposed lease rental agreement, bond issue, or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

(c) The department of local government finance shall render a decision not more than three (3) months after the date the department of local government finance receives a request for approval under section 8 of this chapter. However, the department of local government

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1 finance may extend this three (3) month period by an additional three
 2 (3) months if, at least ten (10) days before the end of the original three
 3 (3) month period, the department of local government finance sends
 4 notice of the extension to the executive officer of the school
 5 corporation.

6 SECTION 152. IC 20-46-7-10, AS ADDED BY P.L.2-2006,
 7 SECTION 169, IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies only to
 9 an obligation described in section 8 of this chapter. **This section does**
 10 **not apply to bonded indebtedness incurred or lease rental**
 11 **agreements entered into for capital projects approved by a county**
 12 **board of tax and capital projects review under IC 6-1.1-29.5 after**
 13 **December 31, 2008.**

14 (b) The department of local government finance may not approve a
 15 school corporation's proposed lease rental agreement or bond issue to
 16 finance the construction of additional classrooms unless the school
 17 corporation first:

- 18 (1) establishes that additional classroom space is necessary; and
- 19 (2) conducts a feasibility study, holds public hearings, and hears
- 20 public testimony on using a twelve (12) month school term
- 21 (instead of the nine (9) month school term (as defined in
- 22 IC 20-30-2-7)) rather than expanding classroom space.

23 (c) A taxpayer may petition for judicial review of the final
 24 determination of the department of local government finance under this
 25 section. The petition must be filed in the tax court not more than thirty
 26 (30) days after the department of local government finance enters its
 27 order under this section.

28 SECTION 153. IC 31-9-2-120.4 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JANUARY 1, 2008]: **Sec. 120.4. "State fund" refers**
 31 **to the state family and children's fund established by**
 32 **IC 31-25-2-20.**

33 SECTION 154. IC 31-25-2-20 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JANUARY 1, 2008]: **Sec. 20. (a) The state family and**
 36 **children's fund is established. The department shall administer the**
 37 **state fund.**

38 (b) The state fund consists of the following:

- 39 (1) The money transferred to the state fund from county
- 40 family and children's funds under IC 12-19-7, including
- 41 amounts paid under IC 31-40-1-2 to the state by a county to
- 42 reimburse the state for the costs of services ordered by a

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juvenile court.

(2) Any fees or costs paid to the state by a child's parent or guardian under a support order or reimbursement order under IC 31-40-1.

(3) Any contributions to the state fund from individuals, corporations, foundations, or others for the purpose of providing child services.

(4) Any appropriations made to the state fund by the general assembly. However, this section does not obligate the general assembly to appropriate money to the state fund.

(5) Any money or grants that are received from the federal government and deposited in the state fund.

(6) Any other money required by law to be deposited in the state fund.

(c) The department of child services shall pay the following from the state fund:

(1) Expenses and obligations incurred by the department of child services in the payment of child services for children adjudicated to be:

(A) children in need of services; or

(B) delinquent children;

and other related services, but not including the payment of TANF.

(2) Medical care, including psychiatric care and institutional psychiatric care, for wards of the department of child services (described in IC 12-15-2-16).

(3) Any other expenditures for services described in section 7 of this chapter.

(4) Any expense of a type that was payable before January 1, 2008, from a county family and children's fund.

(5) Any other expense or obligation that is required to be paid from the state fund by law.

(d) The department may use money in the state fund to settle the obligations of a county and the department of child services for services provided before January 1, 2008.

(e) The treasurer of state shall invest the money in the state fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(f) Money in the state fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 155. IC 31-34-24-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) Upon

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1 receiving the initial plan and each revised or updated plan, the ~~county~~
 2 ~~fiscal body~~ **department of child services** shall consider the plan. ~~in~~
 3 ~~developing the family and children's fund budget.~~

4 (b) The ~~county fiscal body~~ **department of child services** may
 5 appropriate from the family and children's fund any amounts necessary
 6 **use money from the state family and children's fund under**
 7 **IC 31-25-2-20** to provide funding to implement the plan.

8 SECTION 156. IC 31-40-1-1 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. This article
 10 applies to a financial burden sustained by a county as the result of costs
 11 paid by the county under section 2 of this chapter **(as effective**
 12 **December 31, 2007) and the state under section 2 of this chapter (as**
 13 **effective after December 31, 2007)**, including costs resulting from the
 14 institutional placement of a child adjudicated a delinquent child or a
 15 child in need of services.

16 SECTION 157. IC 31-40-1-2 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. **(a) The**
 18 **department of child services shall pay for the cost of services**
 19 **ordered by the juvenile court for any child or the child's parent,**
 20 **guardian, or custodian, other than secure detention or probation**
 21 **services, if the services are set forth in a dispositional decree**
 22 **entered by the juvenile court.**

23 ~~(a)~~ **(b)** The county shall ~~pay~~ **reimburse the department of child**
 24 **services** from the county family and children's fund ~~for~~ the cost of:

25 (1) any services ordered by the juvenile court; ~~for any child or the~~
 26 ~~child's parent, guardian, or custodian, other than secure detention;~~
 27 and

28 (2) returning a child under IC 31-37-23.

29 ~~(b)~~ **(c)** The county fiscal body shall provide sufficient money to
 30 meet the ~~court's requirements.~~ **county's obligation to reimburse the**
 31 **department of child services as required under subsection (b).**

32 SECTION 158. IC 31-40-1-3 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A parent or
 34 guardian of the estate of a child adjudicated a delinquent child or a
 35 child in need of services is financially responsible as provided in this
 36 chapter (or IC 31-6-4-18(e) before its repeal) for any services ordered
 37 by the court.

38 (b) Each parent of a child alleged to be a child in need of services
 39 or alleged to be a delinquent child shall, before a dispositional hearing,
 40 furnish the court with an accurately completed and current child
 41 support obligation worksheet on the same form that is prescribed by the
 42 Indiana supreme court for child support orders.

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(c) At:

- (1) a detention hearing;
- (2) a hearing that is held after the payment of costs by a county under section 2 of this chapter (or IC 31-6-4-18(b) before its repeal);
- (3) the dispositional hearing; or
- (4) any other hearing to consider modification of a dispositional decree;

the juvenile court shall order the child's parents or the guardian of the child's estate to pay, ~~for~~, or reimburse the county **or the department of child services, as appropriate**, for the cost of services provided to the child or the parent or guardian unless the court finds that the parent or guardian is unable to pay or that justice would not be served by ordering payment from the parent or guardian.

(d) Subject to subsection (e), when the court orders a child's parent or the guardian of the child's estate to make a payment or reimbursement under subsection (c), the court shall order the reimbursement to be paid to:

- (1) the county if the county pays the cost of services or is required to reimburse the department of child services for the cost of services from the county family and children's fund; and**
- (2) if subdivision (1) does not apply, the department of child services.**

(e) If the county executive adopts a resolution incorporating a written agreement with the department of child services to offset payments against any reimbursement otherwise due from the county to the department of child services, the court may order that payment that is required to be made to the county under subsection (d)(1) be made to the department of child services.

SECTION 159. IC 31-40-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. **Subject to section 3(e) of this chapter**, the parent or guardian of the estate of any child returned to Indiana under the interstate compact on juveniles under IC 31-37-23 shall reimburse the county for all costs:

- (1) payable, or that under section 2 of this chapter must be reimbursed by the county, from the county family and children's fund; and**
- (2) involved in returning the child;**

that the court orders the parent or guardian to pay under section 3 of this chapter (or IC 31-6-4-18(e) before its repeal) whether or not the child has been adjudicated a delinquent child or a child in need of

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1 services.

2 SECTION 160. IC 31-40-1-5, AS AMENDED BY P.L.145-2006,
3 SECTION 362, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) This section applies
5 whenever the court orders or approves removal of a child from the
6 home of a child's parent or guardian and placement of the child in a
7 child caring institution (as defined in IC 31-9-2-16.7), a foster family
8 home (as defined in IC 31-9-2-46.9), or the home of a relative of the
9 child that is not a foster family home.

10 (b) If an existing support order is in effect, the court shall order the
11 support payments to be assigned to the ~~county office~~ **department of**
12 **child services** for the duration of the placement out of the home of the
13 child's parent or guardian. The court shall notify the court that:

14 (1) entered the existing support order; or

15 (2) had jurisdiction, immediately before the placement, to modify
16 or enforce the existing support order;
17 of the assignment and assumption of jurisdiction by the juvenile court
18 under this section.

19 (c) If an existing support order is not in effect, the court shall do the
20 following:

21 (1) Include in the order for removal or placement of the child an
22 assignment to the ~~county office~~; **department of child services**, or
23 confirmation of an assignment that occurs or is required under
24 applicable federal law, of any rights to support, including support
25 for the cost of any medical care payable by the state under
26 IC 12-15, from any parent or guardian who has a legal obligation
27 to support the child.

28 (2) Order support paid to the ~~county office~~ **department of child**
29 **services** by each of the child's parents or the guardians of the
30 child's estate to be based on child support guidelines adopted by
31 the Indiana supreme court and for the duration of the placement
32 of the child out of the home of the child's parent or guardian,
33 unless:

34 (A) the court finds that entry of an order based on the child
35 support guidelines would be unjust or inappropriate
36 considering the best interests of the child and other necessary
37 obligations of the child's family; or

38 (B) the county office **or the department of child services**
39 does not make foster care maintenance payments to the
40 custodian of the child. For purposes of this clause, "foster care
41 maintenance payments" means any payments for ~~the cost of (in~~
42 ~~whole or in part) and~~ the cost of providing food, clothing,

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shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable amounts for travel to the child's home for visitation. In the case of a child caring institution, the term also includes the reasonable costs of administration and operation of the institution as are necessary to provide the items described in this clause.

(3) If the court:

(A) does not enter a support order; or

(B) enters an order that is not based on the child support guidelines;

the court shall make findings as required by 45 CFR 302.56(g).

(d) Payments in accordance with a support order assigned under subsection (b) or entered under subsection (c) (or IC 31-6-4-18(f) before its repeal) shall be paid through the clerk of the circuit court as trustee for remittance to the ~~county office~~ **department of child services**.

(e) The Title IV-D agency shall establish, modify, or enforce a support order assigned or entered by a court under this section in accordance with IC 31-25-3, IC 31-25-4, and 42 U.S.C. 654. The county office shall, if requested, assist the Title IV-D agency in performing its duties under this subsection.

(f) If the juvenile court terminates placement of a child out of the home of the child's parent or guardian, the court shall:

(1) notify the court that:

(A) entered a support order assigned to the county office under subsection (b); or

(B) had jurisdiction, immediately before the placement, to modify or enforce the existing support order;

of the termination of jurisdiction of the juvenile court with respect to the support order;

(2) terminate a support order entered under subsection (c) that requires payment of support by a custodial parent or guardian of the child, with respect to support obligations that accrue after termination of the placement; or

(3) continue in effect, subject to modification or enforcement by a court having jurisdiction over the obligor, a support order entered under subsection (c) that requires payment of support by a noncustodial parent or guardian of the estate of the child.

(g) The court may at or after a hearing described in section 3 of this chapter order the child's parent or the guardian of the child's estate to reimburse:

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(1) the county ~~office~~ for all or any portion of the expenses for services provided to or for the benefit of the child that are paid **(or must be reimbursed by the county)** from the county family and children's fund; and

(2) if subdivision (1) does not apply, the department of child services;

during the placement of the child out of the home of the parent or guardian, in addition to amounts reimbursed through payments in accordance with a support order assigned or entered as provided in this section, subject to applicable federal law.

(h) A support order requiring payment to a county office shall be treated after December 31, 2007, as requiring payment to the department of child services.

SECTION 161. IC 31-40-1-6, AS AMENDED BY P.L.145-2006, SECTION 363, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) The department ~~with the approval of the county fiscal body~~, may contract with any of the following, on terms and conditions with respect to compensation and payment or reimbursement of expenses as the department may determine, for the enforcement and collection of any parental reimbursement obligation established by order entered by the court under section 3 or 5(g) of this chapter:

(1) The prosecuting attorney of the county that paid the cost of the services ordered by the court, as provided in section 2 of this chapter **(as effective December 31, 2007), and the prosecuting attorney of the county where the child resides for the costs of services ordered by the court, as provided in section 2 of this chapter (as effective after December 31, 2007).**

(2) An attorney for the department on behalf of the county office that paid the cost of services ordered by the court, if the attorney is not an employee of the county office or the department.

(3) An attorney licensed to practice law in Indiana.

(b) A contract entered into under this section is subject to approval under IC 4-13-2-14.1.

(c) Any fee payable to a prosecuting attorney under a contract under subsection (a)(1) shall be deposited in the county general fund and credited to a separate account identified as the prosecuting attorney's child services collections account. The prosecuting attorney may expend funds credited to the prosecuting attorney's child services collections account, without appropriation, only for the purpose of supporting and enhancing the functions of the prosecuting attorney in enforcement and collection of parental obligations ~~to reimburse the~~

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1 ~~county family and children's fund ordered by the court under section~~
 2 **3 or 5(g) of this chapter.**

3 SECTION 162. IC 31-40-1-7, AS AMENDED BY P.L.145-2006,
 4 SECTION 364, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) Amounts received as
 6 payment of support or reimbursement of the cost of services paid as
 7 provided in this chapter shall be distributed in the following manner:

8 (1) If any part of the cost of services was paid from federal funds
 9 under Title IV Part E of the Social Security Act (42 U.S.C. 671 et
 10 seq.), the amounts received shall first be applied as provided in 42
 11 U.S.C. 657 and 45 CFR 302.52.

12 (2) **Subject to section 3(e) of this chapter,** all amounts
 13 remaining after the distributions required by subdivision (1) shall
 14 be deposited in:

15 (A) the **county's** family and children's fund (established by
 16 IC 12-19-7-3) ~~of if the money is received to pay a county that~~
 17 ~~paid the cost of the services: obligation; or~~

18 (B) the **state family and children's fund** (established by
 19 **IC 31-25-2-20) if the money is received to pay an obligation**
 20 **of the state fund.**

21 (b) Any money deposited in a county family and children's fund
 22 under this section shall be reported to the department, in the form and
 23 manner prescribed by the department, and ~~shall be~~ applied to the ~~child~~
 24 ~~services budget compiled and adopted by the county director for the~~
 25 ~~next state fiscal year; in accordance with IC 12-19-7-6: obligations of~~
 26 **the county family and children's fund.**

27 SECTION 163. IC 31-40-4-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. If the parent or
 29 guardian of the estate:

30 (1) defaults in reimbursing the county **or state;** or

31 (2) fails to pay a fee authorized by this article;

32 the juvenile court may find the parent or guardian in contempt and
 33 enter judgment for the amount due.

34 SECTION 164. IC 36-4-3-4, AS AMENDED BY P.L.111-2005,
 35 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2007]: Sec. 4. (a) The legislative body of a municipality may,
 37 by ordinance, annex any of the following:

38 (1) Territory that is contiguous to the municipality.

39 (2) Territory that is not contiguous to the municipality and is
 40 occupied by a municipally owned or operated airport or landing
 41 field.

42 (3) Territory that is not contiguous to the municipality but is

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found by the legislative body to be occupied by a municipally owned or regulated sanitary landfill, golf course, or hospital. However, if territory annexed under this subsection ceases to be used as a municipally owned or regulated sanitary landfill, golf course, or hospital for at least one (1) year, the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation if the unit that had jurisdiction over the territory still exists. If the unit no longer exists, the territory reverts to the jurisdiction of the unit that would currently have jurisdiction over the territory if the annexation had not occurred. The clerk of the municipality shall notify the offices required to receive notice of a disannexation under section 19 of this chapter when the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation.

(b) This subsection applies to municipalities in a county having a population of:

- (1) more than seventy-three thousand (73,000) but less than seventy-four thousand (74,000);
- (2) more than seventy-one thousand four hundred (71,400) but less than seventy-three thousand (73,000);
- (3) more than seventy thousand (70,000) but less than seventy-one thousand (71,000);
- (4) more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);
- (5) more than forty thousand nine hundred (40,900) but less than forty-one thousand (41,000);
- (6) more than thirty-eight thousand (38,000) but less than thirty-nine thousand (39,000);
- (7) more than thirty thousand (30,000) but less than thirty thousand seven hundred (30,700);
- (8) more than twenty-three thousand five hundred (23,500) but less than twenty-four thousand (24,000); ~~or~~
- (9) more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than three hundred thousand (300,000);
- or**
- (10) more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).**

Except as provided in subsection (c), the legislative body of a municipality to which this subsection applies may, by ordinance, annex territory that is not contiguous to the municipality, has its entire area not more than two (2) miles from the municipality's boundary, is to be used for an industrial park containing one (1) or more businesses, and

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is either owned by the municipality or by a property owner who consents to the annexation. However, if territory annexed under this subsection is not used as an industrial park within five (5) years after the date of passage of the annexation ordinance, or if the territory ceases to be used as an industrial park for at least one (1) year, the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation if the unit that had jurisdiction over the territory still exists. If the unit no longer exists, the territory reverts to the jurisdiction of the unit that would currently have jurisdiction over the territory if the annexation had not occurred. The clerk of the municipality shall notify the offices entitled to receive notice of a disannexation under section 19 of this chapter when the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation.

(c) A city in a county with a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000) may not annex territory as prescribed in subsection (b) until the territory is zoned by the county for industrial purposes.

(d) Notwithstanding any other law, territory that is annexed under subsection (b) or (h) is not considered a part of the municipality for the purposes of:

(1) annexing additional territory:

(A) in a county that is not described by clause (B); or

(B) in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), unless the boundaries of the noncontiguous territory become contiguous to the city, as allowed by Indiana law;

(2) expanding the municipality's extraterritorial jurisdictional area; or

(3) changing an assigned service area under IC 8-1-2.3-6(1).

(e) As used in this section, "airport" and "landing field" have the meanings prescribed by IC 8-22-1.

(f) As used in this section, "hospital" has the meaning prescribed by IC 16-18-2-179(b).

(g) An ordinance adopted under this section must assign the territory annexed by the ordinance to at least one (1) municipal legislative body district.

(h) This subsection applies to a city having a population of more than thirty-one thousand (31,000) but less than thirty-two thousand (32,000). The legislative body of a city may, by ordinance, annex territory that:

(1) is not contiguous to the city;

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(2) has its entire area not more than eight (8) miles from the city's boundary;

(3) does not extend more than:

(A) one and one-half (1 1/2) miles to the west;

(B) three-fourths (3/4) mile to the east;

(C) one-half (1/2) mile to the north; or

(D) one-half (1/2) mile to the south;

of an interchange of an interstate highway (as designated by the federal highway authorities) and a state highway (as designated by the state highway authorities); and

(4) is owned by the city or by a property owner that consents to the annexation.

SECTION 165. IC 36-7-14-27.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27.5. (a) The redevelopment commission may borrow money in anticipation of receipt of the proceeds of taxes levied for the redevelopment district bond fund and not yet collected, and may evidence this borrowing by issuing warrants of the redevelopment district. However, the aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed an amount equal to eighty percent (80%) of that tax levy or levies, as certified by the department of local government finance, or as determined by multiplying the rate of tax as finally approved by the total assessed valuation (after deducting all mortgage deductions) within the redevelopment district, as most recently certified by the county auditor.

(b) The warrants may be authorized and issued at any time after the tax or taxes in anticipation of which they are issued have been levied by the redevelopment commission. For purposes of this section, taxes for any year are considered to be levied upon adoption by the commission of a resolution prescribing the tax levies for the year. However, the warrants may not be delivered and paid for before final approval of the tax levy or levies by the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, or, if appealed, by the department of local government finance, unless the issuance of the warrants has been approved by the department.

(c) All action that this section requires or authorizes the redevelopment commission to take may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by the redevelopment commission. An action to contest the validity of tax anticipation warrants may not be brought later than ten (10) days after the sale date.

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(d) In their resolution authorizing the warrants, the redevelopment commission must provide that the warrants mature at a time or times not later than December 31 after the year in which the taxes in anticipation of which the warrants are issued are due and payable.

(e) In their resolution authorizing the warrants, the redevelopment commission may provide:

- (1) the date of the warrants;
- (2) the interest rate of the warrants;
- (3) the time of interest payments on the warrants;
- (4) the denomination of the warrants;
- (5) the form either registered or payable to bearer, of the warrants;
- (6) the place or places of payment of the warrants, either inside or outside the state;
- (7) the medium of payment of the warrants;
- (8) the terms of redemption, if any, of the warrants, at a price not exceeding par value and accrued interest;
- (9) the manner of execution of the warrants; and
- (10) that all costs incurred in connection with the issuance of the warrants may be paid from the proceeds of the warrants.

(f) The warrants shall be sold for not less than par value, after notice inviting bids has been published under IC 5-3-1. The redevelopment commission may also publish the notice in other newspapers or financial journals.

(g) Warrants and the interest on them are not subject to any limitation contained in section 25.1 of this chapter, and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

SECTION 166. IC 36-7-14-39, AS AMENDED BY P.L.154-2006, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

- (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the

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- 1 effective date of the allocation provision of the declaratory
 2 resolution, as adjusted under subsection (h); plus
 3 (B) to the extent that it is not included in clause (A), the net
 4 assessed value of property that is assessed as residential
 5 property under the rules of the department of local government
 6 finance, as finally determined for any assessment date after the
 7 effective date of the allocation provision.
- 8 (2) If an allocation provision is adopted after June 30, 1997, in a
 9 declaratory resolution or an amendment to a declaratory
 10 resolution establishing a redevelopment project area:
 11 (A) the net assessed value of all the property as finally
 12 determined for the assessment date immediately preceding the
 13 effective date of the allocation provision of the declaratory
 14 resolution, as adjusted under subsection (h); plus
 15 (B) to the extent that it is not included in clause (A), the net
 16 assessed value of property that is assessed as residential
 17 property under the rules of the department of local government
 18 finance, as finally determined for any assessment date after the
 19 effective date of the allocation provision.
- 20 (3) If:
 21 (A) an allocation provision adopted before June 30, 1995, in
 22 a declaratory resolution or an amendment to a declaratory
 23 resolution establishing a redevelopment project area expires
 24 after June 30, 1997; and
 25 (B) after June 30, 1997, a new allocation provision is included
 26 in an amendment to the declaratory resolution;
 27 the net assessed value of all the property as finally determined for
 28 the assessment date immediately preceding the effective date of
 29 the allocation provision adopted after June 30, 1997, as adjusted
 30 under subsection (h).
- 31 (4) Except as provided in subdivision (5), for all other allocation
 32 areas, the net assessed value of all the property as finally
 33 determined for the assessment date immediately preceding the
 34 effective date of the allocation provision of the declaratory
 35 resolution, as adjusted under subsection (h).
- 36 (5) If an allocation area established in an economic development
 37 area before July 1, 1995, is expanded after June 30, 1995, the
 38 definition in subdivision (1) applies to the expanded part of the
 39 area added after June 30, 1995.
- 40 (6) If an allocation area established in a redevelopment project
 41 area before July 1, 1997, is expanded after June 30, 1997, the
 42 definition in subdivision (2) applies to the expanded part of the

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1 area added after June 30, 1997.

2 Except as provided in section 39.3 of this chapter, "property taxes"
 3 means taxes imposed under IC 6-1.1 on real property. However, upon
 4 approval by a resolution of the redevelopment commission adopted
 5 before June 1, 1987, "property taxes" also includes taxes imposed
 6 under IC 6-1.1 on depreciable personal property. If a redevelopment
 7 commission adopted before June 1, 1987, a resolution to include within
 8 the definition of property taxes taxes imposed under IC 6-1.1 on
 9 depreciable personal property that has a useful life in excess of eight
 10 (8) years, the commission may by resolution determine the percentage
 11 of taxes imposed under IC 6-1.1 on all depreciable personal property
 12 that will be included within the definition of property taxes. However,
 13 the percentage included must not exceed twenty-five percent (25%) of
 14 the taxes imposed under IC 6-1.1 on all depreciable personal property.

15 (b) A declaratory resolution adopted under section 15 of this chapter
 16 on or before the allocation deadline determined under subsection (i)
 17 may include a provision with respect to the allocation and distribution
 18 of property taxes for the purposes and in the manner provided in this
 19 section. A declaratory resolution previously adopted may include an
 20 allocation provision by the amendment of that declaratory resolution on
 21 or before the allocation deadline determined under subsection (i) in
 22 accordance with the procedures required for its original adoption. A
 23 declaratory resolution or an amendment that establishes an allocation
 24 provision after June 30, 1995, must specify an expiration date for the
 25 allocation provision that may not be more than thirty (30) years after
 26 the date on which the allocation provision is established. However, if
 27 bonds or other obligations that were scheduled when issued to mature
 28 before the specified expiration date and that are payable only from
 29 allocated tax proceeds with respect to the allocation area remain
 30 outstanding as of the expiration date, the allocation provision does not
 31 expire until all of the bonds or other obligations are no longer
 32 outstanding. The allocation provision may apply to all or part of the
 33 redevelopment project area. The allocation provision must require that
 34 any property taxes subsequently levied by or for the benefit of any
 35 public body entitled to a distribution of property taxes on taxable
 36 property in the allocation area be allocated and distributed as follows:

37 (1) Except as otherwise provided in this section, the proceeds of
 38 the taxes attributable to the lesser of:

39 (A) the assessed value of the property for the assessment date
 40 with respect to which the allocation and distribution is made;

41 or

42 (B) the base assessed value;

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shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),

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IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax
replacement amount (as defined in IC 6-1.1-21-2) for that
year as determined under IC 6-1.1-21-4 that is attributable
to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in
IC 6-1.1-21-2) levied in the taxing district that have been
allocated during that year to an allocation fund under this
section.

If not all the taxpayers in an allocation area receive the credit
in full, each taxpayer in the allocation area is entitled to
receive the same proportion of the credit. A taxpayer may not
receive a credit under this section and a credit under section
39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission
for local public improvements that are in the allocation area or
serving the allocation area. Public improvements include
buildings, parking facilities, and other items described in
section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses
incurred in training employees of industrial facilities that are
located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as
industrial property under the rules of the department of local
government finance.

However, the total amount of money spent for this purpose in
any year may not exceed the total amount of money in the
allocation fund that is attributable to property taxes paid by the
industrial facilities described in this clause. The
reimbursements under this clause must be made within three
(3) years after the date on which the investments that are the
basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the
commission.

(3) Except as provided in subsection (g), before July 15 of each
year the commission shall do the following:

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(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has

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obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable

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to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

(j) Except as provided in section 3.5 of this chapter, in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), if:

(1) a municipality annexes territory in a school corporation;

(2) before the effective date of the annexation none of the territory of the municipality is also territory of the school corporation; and

(3) an allocation area is:

(A) established in; or

(B) expanded into;

the annexed territory after the effective date of the annexation;

property tax proceeds described in subsection (b)(2) derived from the annexed territory may be used only for expenditures in the annexed territory.

SECTION 167. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006, SECTION 192, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations

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made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

- (1) allocated to the redevelopment district;
- (2) paid into the special fund for that allocation area; and
- (3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

- (1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and
- (2) used by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and IC 20-45-3 do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal

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property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3 and IC 20-45-3, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 168. IC 36-8-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the municipality is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1925 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 4(a) of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) The local board may provide in its annual budget and pay all necessary expenses of operating the 1925 fund, including the payment of all costs of litigation and attorney fees arising in connection with the fund, as well as the payment of benefits and pensions. Notwithstanding any other law, neither the municipal legislative body, the county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), nor the

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department of local government finance may reduce an item of expenditure.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled;

(2) the name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(d) The total receipts shall be deducted from the total expenditures stated in the itemized estimate and the amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the municipality in the same manner as other expenses of the municipality are paid. A tax levy shall be made annually for this purpose, as provided in subsection (e). The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other municipal offices and departments are prepared and filed.

(e) The municipal legislative body shall levy an annual tax in the amount and at the rate that are necessary to produce the revenue to pay that part of the police pensions that the municipality is obligated to pay. All money derived from the levy is for the exclusive use of the police pensions and benefits. The amounts in the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the municipality. The legislative body shall make a levy for them that will yield an amount equal to the estimated disbursements, less the amount of the estimated receipts. Notwithstanding any other law, neither the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the levy.

SECTION 169. IC 36-8-7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local board shall meet annually and prepare an itemized estimate, in the form prescribed by the state board of accounts, of the amount of money that

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will be receipted into and disbursed from the 1937 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements must be divided into two (2) parts, designated as part 1 and part 2.

(b) Part 1 of the estimated disbursements consists of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the next fiscal year, and to the dependents of deceased members. Part 2 of the estimated disbursements consists of an estimate of the amount of money that will be needed to pay death benefits and other expenditures that are authorized or required by this chapter.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing the following:

(1) The name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled.

(2) The name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive.

(3) The name and the age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(4) The amount that would be required for the next fiscal year to maintain level cost funding during the active fund members' employment on an actuarial basis.

(5) The amount that would be required for the next fiscal year to amortize accrued liability for active members, retired members, and dependents over a period determined by the local board, but not to exceed forty (40) years.

(d) The total receipts shall be deducted from the total expenditures as listed in the itemized estimate. The amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the unit in the same manner as other expenses of the unit are paid, and an appropriation shall be made annually for that purpose. The estimates

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submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other offices and departments of the unit are prepared and filed.

(e) The estimates shall be made a part of the annual budget of the unit. When revising the estimates, the executive, the fiscal officer, and other fiduciary officers may not reduce the items in part 1 of the estimated disbursements.

(f) The unit's fiscal body shall make the appropriations necessary to pay that proportion of the budget of the 1937 fund that the unit is obligated to pay under subsection (d). In addition, the fiscal body may make appropriations for purposes of subsection (c)(4), (c)(5), or both. All appropriations shall be made to the local board for the exclusive use of the 1937 fund. The amounts listed in part 1 of the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the unit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the appropriations made to pay the amount equal to estimated disbursements minus estimated receipts.

SECTION 170. IC 36-8-7-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. The 1937 fund may not be, either before or after an order for distribution to members of the fire department or to the surviving spouses or guardians of a child or children of a deceased, disabled, or retired member, held, seized, taken, subjected to, detained, or levied on by virtue of an attachment, execution, judgment, writ, interlocutory or other order, decree, or process, or proceedings of any nature issued out of or by a court in any state for the payment or satisfaction, in whole or in part, of a debt, damages, demand, claim, judgment, fine, or amercement of the member or the member's surviving spouse or children. The 1937 fund shall be kept and distributed only for the purpose of pensioning the persons named in this chapter. The local board may, however, annually expend an amount from the 1937 fund that it considers proper for the necessary expenses connected with the fund. Notwithstanding any other law, neither the fiscal body, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce these expenditures.

SECTION 171. IC 36-8-7.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If the local

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board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the police special service district is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1953 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the estimated number of beneficiaries from the 1953 fund during the ensuing fiscal year in each of the various classifications of beneficiaries as prescribed in this chapter, and the names and amount of benefits being paid to those actively on the list of beneficiaries at that time;

(2) the name, age, and length of service of each member of the police department who is eligible to and expects to retire during the ensuing fiscal year, and the monthly and yearly amounts of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent of a member of the police department who is then receiving benefits, the date on which the dependent commenced drawing benefits, and the date on which the dependent will cease to be a dependent by reason of attaining the age limit prescribed by this chapter, and the monthly and yearly amounts of the payments to which each of the dependents is entitled.

(c) After the amounts of receipts and disbursements shown in the itemized estimate are fixed and approved by the executive, fiscal officer, legislative body and other bodies, as provided by law for other municipal funds, the total receipts shall be deducted from the total expenditures stated in the itemized estimate, and the amount of the excess shall be paid by the police special service district in the same manner as other expenses of the district are paid. The legislative body shall levy a tax and the money derived from the levy shall, when collected, be credited exclusively to the 1953 fund. The tax shall be

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1 levied in the amount and at the rate that is necessary to produce
 2 sufficient revenue to equal the deficit. Notwithstanding any other law,
 3 neither the county board of tax adjustment (**before January 1, 2009**),
 4 **the county board of tax and capital projects review (after**
 5 **December 31, 2008)**, nor the department of local government finance
 6 may reduce the tax levy.

7 SECTION 172. IC 36-8-11-18 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The board shall
 9 annually budget the necessary money to meet the expenses of operation
 10 and maintenance of the district, including repairs, fees, salaries,
 11 depreciation on all depreciable assets, rents, supplies, contingencies,
 12 bond redemption, and all other expenses lawfully incurred by the
 13 district. After estimating expenses and receipts of money, the board
 14 shall establish the tax levy required to fund the estimated budget.

15 (b) The budget must be approved by the fiscal body of the county,
 16 the county board of tax adjustment (**before January 1, 2009**), **the**
 17 **county board of tax and capital projects review (after December**
 18 **31, 2008)**, and the department of local government finance.

19 (c) Upon approval by the department of local government finance,
 20 the board shall certify the approved tax levy to the auditor of the county
 21 having land within the district. The auditor shall have the levy entered
 22 on the county treasurer's tax records for collection. After collection of
 23 the taxes the auditor shall issue a warrant on the treasurer to transfer
 24 the revenues collected to the board, as provided by statute.

25 SECTION 173. IC 36-8-11-22.1 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.1. (a) This section
 27 applies to a district that consists of a municipality that is located in two
 28 (2) counties.

29 (b) This section does not apply to a merged district under section 23
 30 of this chapter.

31 (c) Sections 6 and 7 of this chapter apply to the petition.

32 (d) The board of fire trustees for the district shall be appointed as
 33 prescribed by section 12 of this chapter. However, the legislative body
 34 of each county within which the district is located shall jointly appoint
 35 one (1) trustee from each township or part of a township contained in
 36 the district and one (1) trustee from the municipality contained in the
 37 district. The legislative body of each county shall jointly appoint a
 38 member to fill a vacancy.

39 (e) Sections 13, 14, and 15 of this chapter relating to the board of
 40 fire trustees apply to the board of the district. However, the county
 41 legislative bodies serving the district shall jointly decide where the
 42 board shall locate (or approve location of) its office.

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(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to the district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 174. IC 36-8-11-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any fire protection district may merge with one (1) or more protection districts to form a single district if at least one-eighth (1/8) of the aggregate external boundaries of the districts coincide.

(b) The legislative body of the county where at least two (2) districts are located (or if the districts are located in more than one (1) county, the legislative body of each county) shall, if petitioned by freeholders in the two (2) districts, adopt an ordinance merging the districts into a single fire protection district.

(c) Freeholders who desire the merger of at least two (2) fire protection districts must initiate proceedings by filing a petition in the office of the county auditor of each county where a district is located. The petition must be signed:

(1) by at least twenty percent (20%), with a minimum of five hundred (500) from each district, of the freeholders owning land within the district; or

(2) by a majority of the freeholders from the districts; whichever is less.

(d) The petition described in subsection (c) must state the same items listed in section 7 of this chapter. Sections 6, 8, and 9 of this chapter apply to the petition and to the legislative body of each county in the proposed district.

(e) The board of fire trustees for each district shall form a single board, which shall continue to be appointed as prescribed by section 12 of this chapter. In addition, sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the merged district, except that if the merged district lies in more than one (1) county, the county legislative bodies serving the combined district shall jointly decide where the board shall locate (or approve relocation of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to a merged district. However, the budget must be

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approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the merged district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 175. IC 36-8-13-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) For a township that elects to have the township provide fire protection and emergency services under section 3(c) of this chapter, the department of local government finance shall adjust the township's maximum permissible levy in the year following the year in which the change is elected, as determined under IC 6-1.1-18.5-3, to reflect the change from providing fire protection or emergency services under a contract between the municipality and the township to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of each municipality. For the ensuing calendar year, the township's maximum permissible property tax levy shall be increased by the product of:

- (1) one and five-hundredths (1.05); multiplied by
- (2) the amount the township contracted or billed to receive, regardless of whether the amount was collected:
 - (A) in the year in which the change is elected; and
 - (B) as fire protection or emergency service payments from the municipalities or residents of the municipalities covered by the election under section 3(c) of this chapter.

The maximum permissible levy for a general fund or other fund of a municipality covered by the election under section 3(c) of this chapter shall be reduced for the ensuing calendar year to reflect the change to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of the municipality. The total reduction in the maximum permissible levies for all electing municipalities must equal the amount that the maximum permissible levy for the township is increased under this subsection for contracts or billings, regardless of whether the amount was collected, less the amount actually paid from sources other than property tax revenue.

(b) For purposes of determining a township's and each municipality's maximum permissible ad valorem property tax levy under IC 6-1.1-18.5-3 for years following the first year after the year in which the change is elected, a township's and each municipality's maximum permissible ad valorem property tax levy is the levy after the adjustment made under subsection (a).

(c) The township may use the amount of a maximum permissible

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property tax levy computed under this section in setting budgets and property tax levies for any year in which the election in section 3(c) of this chapter is in effect. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not reduce a budget or tax levy solely because the budget or levy is based on the maximum permissible property tax levy computed under this section.

(d) Section 4.6 of this chapter does not apply to a property tax levy or a maximum property tax levy subject to this section.

SECTION 176. IC 36-8-15-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This subsection applies to a county not having a consolidated city. For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before September 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of

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the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the board, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the board, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

SECTION 177. IC 36-9-3-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. The board shall prepare an annual budget for the authority's operating and maintenance expenditures and necessary capital expenditures. Each annual budget is subject to review and modification by the:

- (1) fiscal body of the county or municipality that establishes the authority; and
- (2) county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance under IC 6-1.1-17.

SECTION 178. IC 36-9-4-47 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 47. (a) The board of directors of a public transportation corporation may:

- (1) borrow money in anticipation of receipt of the proceeds of taxes that have been levied by the board and have not yet been

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collected; and

(2) evidence this borrowing by issuing warrants of the corporation.

The money that is borrowed may be used by the corporation for payment of principal and interest on its bonds or for payment of current operating expenses.

(b) The warrants:

(1) bear the date or dates;

(2) mature at the time or times on or before December 31 following the year in which the taxes in anticipation of which the warrants are issued are due and payable;

(3) bear interest at the rate or rates and are payable at the time or times;

(4) may be in the denominations;

(5) may be in the forms, either registered or payable to bearer;

(6) are payable at the place or places, either inside or outside Indiana;

(7) are payable in the medium of payment;

(8) are subject to redemption upon the terms, including a price not exceeding par and accrued interest; and

(9) may be executed by the officers of the corporation in the manner;

provided by resolution of the board of directors. The resolution may also authorize the board to pay from the proceeds of the warrants all costs incurred in connection with the issuance of the warrants.

(c) The warrants may be authorized and issued at any time after the board of directors levies the tax or taxes in anticipation of which the warrants are issued.

(d) The warrants may be sold for not less than par value after notice inviting bids has been published in accordance with IC 5-3-1. The board of directors may also publish the notice inviting bids in other newspapers or financial journals.

(e) After the warrants are sold, they may be delivered and paid for at one (1) time or in installments.

(f) The aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed eighty percent (80%) of the levy or levies, as the amount of the levy or levies is certified by the department of local government finance, or as is determined by multiplying the rate of tax as finally approved by the total assessed valuation of taxable property within the taxing district of the public transportation corporation as most recently certified by the county auditor.

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(g) For purposes of this section, taxes for any year are considered to be levied when the board of directors adopts the ordinance prescribing the tax levies for the year. However, warrants may not be delivered and paid for before final approval of a tax levy or levies by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** (or, if appealed, by the department of local government finance) unless the issuance of the warrants has been approved by the department of local government finance.

(h) The warrants and the interest on them are not subject to sections 43 and 44 of this chapter and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

(i) All actions of the board of directors under this section may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by a majority of the members of the board of directors.

(j) An action to contest the validity of any tax anticipation warrants may not be brought later than ten (10) days after the sale date.

SECTION 179. IC 36-9-13-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. The annual operating budget of a building authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 180. IC 36-12-14-2, AS ADDED BY P.L.199-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** under IC 6-1.1-29-4:

- (1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.
- (2) If the library district:
 - (A) is not described by subdivision (1); and
 - (B) is located entirely within the boundaries of a township;

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the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 181. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 6-1.1-21-1; IC 6-1.1-21-2.5; IC 6-1.1-21-3; IC 6-1.1-21-4; IC 6-1.1-21-5; IC 6-1.1-21-5.5; IC 6-1.1-21-7; IC 6-1.1-21-8; IC 6-1.1-21-9; IC 6-1.1-21-10; IC 6-1.1-21-11.

SECTION 182. [EFFECTIVE JULY 1, 2007] **IC 6-1.1-29.5, as added by this act, does not apply to any of the following:**

(1) The issuance of bonds or other obligations or the entering into a lease, if the preliminary determination to issue the bonds or other obligations or to enter into the lease is made before January 1, 2009.

(2) The construction of a capital project, if the construction begins before January 1, 2009.

(3) The entering into a contract for the construction of a capital project, if the contract is entered into before January 1, 2009.

(4) The procuring of supplies necessary for construction of a capital project, if the supplies are procured or a contract for the procuring of the supplies is entered into before January 1, 2009.

SECTION 183. [EFFECTIVE JULY 1, 2007] (a) Any matter pending before a county board of tax adjustment on December 31, 2008, is transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(b) Any property and obligations of a county board of tax adjustment on December 31, 2008, are transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(c) Each county board of tax adjustment is abolished on December 31, 2008. The term of a member serving on a county board of tax adjustment on December 31, 2008, expires December 31, 2008.

(d) This SECTION expires January 1, 2009.

SECTION 184. [EFFECTIVE UPON PASSAGE] (a) The property tax replacement fund established by IC 6-1.1-21-1 is abolished on December 31, 2007.

(b) The balance in the property tax replacement fund at the close of business on December 31, 2007, shall be transferred to the

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1 state general fund.

2 (c) After December 31, 2007, a reference to the property tax
3 replacement fund in a statute, rule, or other document is
4 considered a reference to the state general fund.

5 (d) Any amounts due and payable from the property tax
6 replacement fund (including any settlement amounts to be paid to
7 counties under IC 6-1.1-21-9) on December 31, 2007, shall, after
8 December 31, 2007, be due and payable from the state general
9 fund.

10 (e) Any amounts payable to the property tax replacement fund
11 (including any settlement amounts to be paid by counties under
12 IC 6-1.1-21-9) on December 31, 2007, shall, after December 31,
13 2007, be payable to the state general fund.

14 (f) Any appropriations from the property tax replacement fund
15 on December 31, 2007, shall, after December 31, 2007, be
16 considered appropriations from the state general fund.

17 (g) Notwithstanding any other provision, property tax
18 replacement credits may not be paid from the property tax
19 replacement fund for property taxes first due and payable after
20 December 31, 2007.

21 (h) Notwithstanding any other provision, homestead credits for
22 property taxes first due and payable after December 31, 2007, shall
23 be paid from the state general fund in the same manner as
24 homestead credits were payable from the property tax replacement
25 fund before the property tax replacement fund was abolished.

26 SECTION 185. [EFFECTIVE UPON PASSAGE] (a) The property
27 tax replacement fund board established by IC 6-1.1-21-10 is
28 abolished on December 31, 2007.

29 (b) After December 31, 2007, a reference to the property tax
30 replacement fund board in a statute, rule, or other document is
31 considered a reference to the budget agency.

32 SECTION 186. [EFFECTIVE UPON PASSAGE] (a) The
33 legislative services agency shall prepare legislation for introduction
34 in the 2008 regular session of the general assembly to organize and
35 correct statutes affected by this act, if necessary.

36 (b) This SECTION expires January 1, 2009.

37 SECTION 187. [EFFECTIVE UPON PASSAGE] An ordinance
38 adopted before April 1, 2007, under IC 6-3.5-1.1, IC 6-3.5-6, and
39 IC 6-3.5-7, all as in effect before amendment by this act, takes
40 effect October 1, 2007, and not July 1, 2007.

41 SECTION 188. [EFFECTIVE JANUARY 1, 2008] (a) On January
42 1, 2008, the balance of each county's county family and children

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1 trust clearance fund becomes part of the family and children trust
 2 clearance fund established under IC 12-19-1-16, as amended by
 3 this act. Any reference to a county or county office in a document
 4 relating to money in a county family and children trust fund shall
 5 be treated after December 31, 2007, as a reference to the
 6 department of child services. Any reference in a document to a
 7 county family and children trust fund shall be treated after
 8 December 31, 2007, as a reference to the family and children trust
 9 clearance fund established by IC 12-19-1-16, as amended by this
 10 act. Not later than January 10, 2008, each county auditor shall
 11 transfer the balance of the county's county family and children
 12 trust clearance fund to the department of child services for deposit
 13 in the family and children trust clearance fund established under
 14 IC 12-19-1-16, as amended by this act. The money transferred
 15 under this subsection is subject to the obligations of the county
 16 family and children trust clearance fund from which the money is
 17 transferred and the restrictions on any gifts or grants that apply to
 18 the money being transferred.

19 (b) The department of child services may adopt temporary rules
 20 in the manner provided for the adoption of emergency rules under
 21 IC 4-22-2-37.1 to implement this SECTION. A temporary rule
 22 adopted under this subsection takes effect in the same manner as
 23 an emergency rule adopted under IC 4-22-2-37.1. Notwithstanding
 24 IC 4-22-2-37.1, a temporary rule adopted under this subsection
 25 expires on the earliest of the following:

- 26 (1) The date specified in the temporary rule.
- 27 (2) The date that another temporary rule adopted under this
- 28 subsection amends, repeals, or supersedes the previously
- 29 adopted temporary rule.
- 30 (3) The date that a permanent rule adopted under IC 4-22-2
- 31 amends, repeals, or supersedes the previously adopted
- 32 temporary rule.
- 33 (4) January 1, 2009.

34 SECTION 189. [EFFECTIVE UPON PASSAGE] (a) As used in
 35 this SECTION, "committee" refers to the annexation study
 36 committee established by this SECTION.

37 (b) The annexation study committee is established. The
 38 committee shall study:

- 39 (1) revising the statutes concerning municipal annexation of
- 40 territory. The committee's study may not include the
- 41 annexation statutes in IC 36-3-2; and
- 42 (2) whether "one and fifteen hundredths (1.15)" in STEP

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THREE of IC 6-1.1-18.5-3(a) and STEP THREE of IC 6-1.1-18.5-3(b) is sufficient to raise adequate property taxes for a municipality annexing territory.

(c) The committee consists of sixteen (16) members appointed as follows:

(1) Two (2) members of the house of representatives appointed by the speaker of the house of representatives.

(2) Two (2) members of the house of representatives appointed by the minority leader of the house of representatives.

(3) Two (2) members of the senate appointed by the president pro tempore of the senate.

(4) Two (2) members of the senate appointed by the minority leader of the senate.

(5) One (1) member who is a member of the city council of a second class city appointed by the president pro tempore of the senate.

(6) One (1) member who is a member of the city council of a third class city appointed by the speaker of the house of representatives.

(7) One (1) member who is a member of the town council of a town that is not located in Marion County appointed by the president pro tempore of the senate.

(8) One (1) member who is a member of a county council of a county other than Marion County appointed by the speaker of the house of representatives.

(9) Two (2) members representing township government from a county other than Marion County. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(10) Two (2) members of the public that have experience in preparing an annexation remonstrance. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(d) Not more than one (1) member appointed under subsection (c)(9) and one (1) member appointed under subsection (c)(10) may be from the same political party.

(e) The legislative services agency shall staff the committee.

(f) The committee shall operate under the rules and procedures of the legislative council for study committees.

(g) Each member of the committee who is not a member of the general assembly is not entitled to the minimum salary per diem

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provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(h) Each member of the committee who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(i) The affirmative votes of a majority of the legislator members of the committee are required for the committee to take action on any recommendation.

(j) The chairman of the legislative council shall appoint a member of the committee to serve as chairperson.

(k) The committee shall prepare and submit a written report of the committee's findings in an electronic format under IC 5-14-6 to the legislative council not later than November 1, 2007.

(l) This SECTION expires November 2, 2007.

SECTION 190. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] (a) Notwithstanding the provisions in IC 6-1.1-20.4-4 specifying that an ordinance or a resolution must be adopted before December 31 for homestead credits to be provided under IC 6-1.1-20.4 in the following year, a political subdivision may adopt an ordinance or a resolution after December 31, 2006, and before June 1, 2007, to provide for the use of revenue for the purpose of providing a homestead credit under IC 6-1.1-20.4 in 2007.

(b) If a political subdivision adopts an ordinance or a resolution described in subsection (a):

(1) the local homestead credit under IC 6-1.1-20.4 shall be applied in the political subdivision in 2007; and

(2) the department of local government finance may take any action necessary to apply the local homestead credit in the political subdivision in 2007.

(c) This SECTION expires December 31, 2008.

SECTION 191. [EFFECTIVE UPON PASSAGE] Notwithstanding the provisions in IC 6-3.5-6, as amended by this act, specifying that an ordinance establishing or increasing the rate of a county option

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1 income tax in 2007 must be adopted before April 1, 2007, an
2 ordinance adopted in 2007 to establish an additional rate under
3 IC 6-3.5-6-33, as added by this act, may be adopted before June 1,
4 2007. An ordinance authorized under this SECTION must be
5 adopted in the same manner as an ordinance under IC 6-3.5-6, as
6 amended by this act. An ordinance adopted under this SECTION
7 is effective on the later of the following:

8 (1) July 1, 2007.

9 (2) Fifteen (15) regular business days after the department of
10 state revenue receives a certified copy of the ordinance from
11 the county auditor.

12 SECTION 192. [EFFECTIVE JULY 1, 2008] IC 6-1.1-12-37, as
13 amended by this act, applies to property taxes first due and
14 payable after December 31, 2007.

15 SECTION 193. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1478, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 7.

Page 3, line 20, after "county" delete ";" and insert "**or the county assessor;**".

Page 3, line 21, after "books" insert "**and records**".

Page 3, between lines 23 and 24, begin a new paragraph and insert:

"(b) The actions of a contractor under subsection (a)(1) or (a)(2) must be limited in scope to the three (3) assessment years ending before January 1 of the calendar year in which the taxpayer receives notice of the contractor's actions. Notice provided under this section must be in writing and must list each year for which returns and other records may be reviewed under subsection (a). For purposes of this subsection, notice is considered to have been received by the taxpayer as of the date of the notice.

(c) IC 6-1.1-9-3 does not apply to a contractor's actions under subsection (a)."

Page 3, line 24, strike "(b)" and insert "**(d)**".

Page 3, line 34, delete ":" and insert "**and in the following order:**".

Page 3, line 35, delete "All" and insert "**First, for all**".

Page 3, between lines 35 and 36, begin a new line block indented and insert:

"(2) Second, for deposit in the county's reassessment fund. The amount deposited in the county's reassessment fund under this subdivision may not exceed twenty percent (20%) of the remaining money collected as a result of a contract entered into under this section."

Page 3, delete lines 36 through 40, begin a new paragraph and insert:

"(2) (e) After the payments required by subdivision (1) subsection (d) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution."

Page 3, line 41, delete "(c)" and insert "**(f)**".

Page 4, line 3, delete "(d)" and insert "**(g)**".

Page 4, line 6, delete "(e)" and insert "**(h)**".

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Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.
(Reference is to HB 1478 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 19, nays 0.

SENATE MOTION

Madam President: I move that Senator Mrvan be removed as second sponsor of Engrossed House Bill 1478.

MRVAN

SENATE MOTION

Madam President: I move that Senator Hershman be added as a second sponsor and Senator Mrvan be added as third sponsor of Engrossed House Bill 1478.

KENLEY

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1478, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1478 as printed February 16, 2007.)

KENLEY, Chairperson

Committee Vote: Yeas 12, Nays 0.

EH 1478 — LS 7331/DI 92+



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SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be amended to read as follows:

Page 6, line 26, delete "other".

Page 8, line 14, delete "other".

Page 9, line 7, delete "other".

Page 42, line 29, after "subdivision" insert **"and registered voters residing within the political subdivision"**.

Page 42, line 31, after "subdivision" insert **"and registered voters residing within the political subdivision"**.

Page 45, between lines 7 and 8, begin a new line block indented and insert:

"(3) Beginning in 2008, money in the fund shall be transferred to the state general fund in an amount, as calculated by the budget agency, that is equal to the revenue loss (if any) resulting from a statutory change providing that the riverboat wagering tax under IC 4-33-13 is not considered a tax based on or measured by income and is not required to be added back to federal taxable income to determine Indiana adjusted gross income.

(4) Beginning in 2008, money in the fund shall be transferred to the state general fund in an amount, as calculated by the budget agency, that is equal to the amount (if any) by which riverboat wagering tax collected under IC 4-33-13 for a state fiscal year is less than the riverboat wagering tax collected under IC 4-33-13 for the state fiscal year ending in 2007."

Page 45, between lines 41 and 42, begin a new line block indented and insert:

"A member nominated and appointed under this subdivision must be an elected official of a political subdivision."

Page 46, delete lines 9 through 11.

Page 46, line 22, after "a" insert **"county containing a"**.

Page 46, line 39, after "If a" insert **"county (or two (2) or more"**.

Page 46, line 39, delete "subdivision" and insert **"subdivisions acting jointly)"**.

Page 46, line 41, delete "the political subdivisions in the".

Page 46, line 42, delete "county".

Page 46, line 42, after "plan" delete "." and insert **"for political subdivisions in the county."**

Page 47, line 15, after "if" delete ":".

Page 47, delete lines 16 through 18.

Page 47, line 19, delete "(2)".

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Page 47, run in lines 15 through 19.

Page 47, line 31, delete "decreases the credit percentages" and insert **"provides relief described in subsection (b)"**.

Page 47, line 32, delete "under IC 6-1.1-20.6-7".

Page 48, line 24, delete "residential" and insert **"homestead (as defined in IC 6-1.1-20.9-1)"**.

Page 48, line 26, delete "residential" and insert **"homestead"**.

Page 48, line 30, delete "residential" and insert **"homestead"**.

Page 48, line 33, delete "residential" and insert **"homestead"**.

Page 48, line 36, delete "residential" and insert **"homestead"**.

Page 48, line 41, delete "residential" and insert **"homestead"**.

Page 65, line 35, delete "appointed or".

Page 69, line 11, after "IC 6-1.1-17." insert **"If an ordinance described in subdivision (1) or (2) has been adopted in a county and has not been rescinded, the county board of tax and capital projects review may not review tax rates, tax levies, and budgets under IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6, IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11, IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 12-19-7, IC 12-19-7.5, IC 20-45, IC 20-46, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or IC 36-9-13."**

Page 69, between lines 29 and 30, begin a new paragraph and insert:
"Sec. 0.5. This chapter applies only to a capital project that meets both of the following conditions:

(1) The capital project is a controlled project (as defined in IC 6-1.1-20-1.1), except as provided in subdivision (2).

(2) Notwithstanding IC 6-1.1-20-1.1(2), the capital project will cost the political subdivision more than seven million dollars (\$7,000,000)."

Page 71, line 32, delete "This section applies only to a capital project that is".

Page 71, delete line 33.

Page 71, line 34, delete "(b)".

Page 71, run in lines 32 through 34.

Page 71, line 35, delete "section:" and insert **"chapter:"**.

Page 72, line 12, delete "(c)" and insert **"(b)"**.

Page 72, line 16, delete "(d)" and insert **"(c)"**.

Page 74, line 9, delete "section 10(c)" and insert **"section 10(b)"**.

Page 74, line 28, delete "section 10(b)(2)" and insert **"section 10(a)(2)"**.

Page 153, between lines 41 and 42, begin a new paragraph and insert:

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"SECTION 110. IC 12-19-1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 15. (a) ~~A county office~~ **The department of child services** may receive and administer a gift, devise, or bequest of personal property, including the income from real property, that is:

(1) to or for the benefit of a home or an institution in which dependent or neglected children are cared for under the supervision of the ~~county office~~; **department of child services**;
or

(2) for the benefit of children who are committed to the care or supervision of the ~~county office~~; **department of child services**.

(b) ~~A county office~~ **The department of child services** may invest or reinvest money received under this section in the same types of securities in which life insurance companies are authorized by law to invest the money of the life insurance companies.

(c) The following shall be kept in a ~~special~~ **the family and children trust clearance** fund and may not be commingled with any other fund or with money received from taxation:

(1) All money received by the ~~county office~~ **department of child services** under this section.

(2) All money, proceeds, or income realized from real property or other investments.

(d) Subject to the ~~approval of the judge or the court of the county having probate jurisdiction~~; **conditions imposed on the gift, devise, or bequest by the donor**, money described in subsection (c)(1) or (c)(2) may be expended by the ~~county office~~ **department of child services** in any manner consistent with the purposes of the fund's creation and with the intention of the donor.

SECTION 111. IC 12-19-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. ~~(a) This section does not apply to money received to reimburse the county family and children's fund for expenditures made from the appropriations of the county office.~~

(a) **The family and children trust clearance fund is established. The department of child services shall administer the fund as a trust fund. Money in the fund may be invested as money in other trust funds is invested. The balance in the fund at the end of a state fiscal year does not revert to the state general fund.**

(b) ~~A county office~~ **The department of child services** may receive and administer money available to or for the benefit of a person receiving payments or services from the county office. The following applies to all money received under this section:

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(1) The money shall be kept in a ~~special fund known as the county~~ family and children trust clearance fund and may not be commingled with any other fund or with money received from taxation.

(2) The money may be expended by the ~~county office department of child services or the division~~ in any manner consistent with the following:

(A) The purpose of the ~~county~~ family and children trust clearance fund or with the intention of the donor of the money.

(B) Indiana law."

Page 156, line 35, strike "paying expenses and".

Page 156, strike line 36.

Page 156, line 37, strike "approved." and insert "**making a transfer to the state required under section 35 of this chapter.**".

Page 160, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 118. IC 12-19-7-35 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 35. Subject to this section, before the fifth day of each month, all money contained in a county's fund at the end of the preceding month shall be transferred to the state family and children's fund established by IC 31-25-2-20.**".

Page 165, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 127. IC 16-33-4-17.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17.5. (a) **The department of child services shall pay**, in the case of a child who is:

(1) admitted to the home from another county; and

(2) adjudicated to be a delinquent child or child in need of services by the juvenile court in the county where the home is located;

~~the juvenile court may order the county office of family and children of the child's county of residence before the child's admission to the home, to reimburse the cost of services ordered by the juvenile court, including related transportation costs, and any cost incurred by the county to transport or detain the child before the order is issued.~~

(b) ~~A county office of family and children ordered to reimburse costs under this section~~ **The department of child services shall pay the amount ordered from the county state family and children's fund under IC 31-25-2-20.**

(c) The county office of family and children may require the parent

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or guardian of the child, other than a parent, guardian, or custodian associated with the home, to reimburse the ~~county family and children's fund~~ **department of child services** for an amount paid under this section.

(d) A child who is admitted to the home does not become a resident of the county where the home is located.

(e) When an unemancipated child is released from the home, the county office of family and children for the child's county of residence before entering the home is responsible for transporting the child to the parent or guardian of the child. If a parent or guardian does not exist for an unemancipated child released from the home, the county office of family and children of the child's county of residence before entering the home shall obtain custody of the child.

SECTION 128. IC 20-26-11-12, AS AMENDED BY P.L.145-2006, SECTION 150, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) If a student is transferred under section 5 of this chapter from a school corporation in Indiana to a public school corporation in another state, the transferor corporation shall pay the transferee corporation the full tuition fee charged by the transferee corporation. However, the amount of the full tuition fee may not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount may not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(b) If a child is:

- (1) placed by a court order in an out-of-state institution or other facility; and
- (2) provided all educational programs and services by a public school corporation in the state where the child is placed, whether at the facility, the public school, or another location;

the ~~county office of family and children for the county placing the child~~ **department of child services** shall pay from the ~~county state~~ family and children's fund **under IC 31-25-2-20** to the public school corporation in which the child is enrolled the amount of transfer tuition specified in subsection (c).

(c) The transfer tuition for which a county office is obligated under subsection (b) is equal to the following:

- (1) The amount under a written agreement among the ~~county office,~~ **department of child services**, the institution or other facility, and the governing body of the public school corporation in the other state that specifies the amount and method of

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computing transfer tuition.

(2) The full tuition fee charged by the transferee corporation, if subdivision (1) does not apply. However, the amount of the full tuition fee must not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount must not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(d) If a child is:

(1) placed by a court order in an out-of-state institution or other facility; and

(2) provided:

(A) onsite educational programs and services either through the facility's employees or by contract with another person or organization that is not a public school corporation; or

(B) educational programs and services by a nonpublic school; the ~~county office of family and children for the county placing the child~~ **department of child services** shall pay from the ~~county state~~ family and children's fund **under IC 31-25-2-20** in an amount and in the manner specified in a written agreement between the ~~county office~~ **department of child services** and the institution or other facility.

(e) An agreement described in subsection (c) or (d) is subject to the approval of the director of the department of child services. However, for purposes of IC 4-13-2, the agreement shall not be treated as a contract.

SECTION 129. IC 20-26-11-13, AS AMENDED BY P.L.2-2006, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational training, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

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- (C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and
- (D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

- (A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.
- (B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

- (A) State tuition support distributions.
- (B) Property tax levies.
- (C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.
- (D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the result of subtracting the STEP TWO amount from the

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STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the ~~county office of the county of the student's legal settlement under IC 12-19-7~~ **department of child services** for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure that is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
 - (A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
 - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

- (1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by
- (2) the student enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition

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shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

- (1) be entered into for a period of not more than five (5) years with an option to renew;
- (2) specify a maximum number of students to be transferred; and
- (3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) If the school corporation can meet the requirements of IC 20-43-9-8, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of

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this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 20-45-6-8, the school corporation may appeal for an excessive levy as provided under IC 20-45-6-8.

SECTION 130. IC 20-33-2-29, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 29. (a) It is unlawful for a person operating or responsible for:

- (1) an educational **school**;
- (2) a correctional **school**;
- (3) a charitable **school**; or
- (4) a benevolent institution or training school;

to fail to ensure that a child under the person's authority attends school as required under this chapter. Each day of violation of this section constitutes a separate offense.

(b) If a child is placed in an institution or facility under a court order, the institution or facility shall charge the ~~county office of family and children of the county of the child's legal settlement under IC 12-19-7~~ **department of child services** for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per child cost."

Page 177, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 153. IC 31-9-2-120.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 120.4. "State fund" refers to the state family and children's fund established by IC 31-25-2-20.**

SECTION 154. IC 31-25-2-20 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 20. (a) The state family and children's fund is established. The department shall administer the state fund.**

(b) The state fund consists of the following:

- (1) The money transferred to the state fund from county family and children's funds under IC 12-19-7, including amounts paid under IC 31-40-1-2 to the state by a county to reimburse the state for the costs of services ordered by a**

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juvenile court.

(2) Any fees or costs paid to the state by a child's parent or guardian under a support order or reimbursement order under IC 31-40-1.

(3) Any contributions to the state fund from individuals, corporations, foundations, or others for the purpose of providing child services.

(4) Any appropriations made to the state fund by the general assembly. However, this section does not obligate the general assembly to appropriate money to the state fund.

(5) Any money or grants that are received from the federal government and deposited in the state fund.

(6) Any other money required by law to be deposited in the state fund.

(c) The department of child services shall pay the following from the state fund:

(1) Expenses and obligations incurred by the department of child services in the payment of child services for children adjudicated to be:

(A) children in need of services; or

(B) delinquent children;

and other related services, but not including the payment of TANF.

(2) Medical care, including psychiatric care and institutional psychiatric care, for wards of the department of child services (described in IC 12-15-2-16).

(3) Any other expenditures for services described in section 7 of this chapter.

(4) Any expense of a type that was payable before January 1, 2008, from a county family and children's fund.

(5) Any other expense or obligation that is required to be paid from the state fund by law.

(d) The department may use money in the state fund to settle the obligations of a county and the department of child services for services provided before January 1, 2008.

(e) The treasurer of state shall invest the money in the state fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(f) Money in the state fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 155. IC 31-34-24-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) Upon

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receiving the initial plan and each revised or updated plan, the ~~county fiscal body~~ **department of child services** shall consider the plan. in developing the family and children's fund budget.

(b) The ~~county fiscal body~~ **department of child services** may appropriate from the family and children's fund any amounts necessary **use money from the state family and children's fund under IC 31-25-2-20** to provide funding to implement the plan.

SECTION 156. IC 31-40-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. This article applies to a financial burden sustained by a county as the result of costs paid by the county under section 2 of this chapter **(as effective December 31, 2007) and the state under section 2 of this chapter (as effective after December 31, 2007)**, including costs resulting from the institutional placement of a child adjudicated a delinquent child or a child in need of services.

SECTION 157. IC 31-40-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. **(a) The department of child services shall pay for the cost of services ordered by the juvenile court for any child or the child's parent, guardian, or custodian, other than secure detention or probation services, if the services are set forth in a dispositional decree entered by the juvenile court.**

~~(a)~~ **(b)** The county shall **pay reimburse the department of child services** from the county family and children's fund **for** the cost of:

- (1) any services ordered by the juvenile court; ~~for any child or the child's parent, guardian, or custodian, other than secure detention;~~
- and
- (2) returning a child under IC 31-37-23.

~~(b)~~ **(c)** The county fiscal body shall provide sufficient money to meet the ~~court's requirements.~~ **county's obligation to reimburse the department of child services as required under subsection (b).**

SECTION 158. IC 31-40-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A parent or guardian of the estate of a child adjudicated a delinquent child or a child in need of services is financially responsible as provided in this chapter (or IC 31-6-4-18(e) before its repeal) for any services ordered by the court.

(b) Each parent of a child alleged to be a child in need of services or alleged to be a delinquent child shall, before a dispositional hearing, furnish the court with an accurately completed and current child support obligation worksheet on the same form that is prescribed by the Indiana supreme court for child support orders.

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(c) At:

- (1) a detention hearing;
- (2) a hearing that is held after the payment of costs by a county under section 2 of this chapter (or IC 31-6-4-18(b) before its repeal);
- (3) the dispositional hearing; or
- (4) any other hearing to consider modification of a dispositional decree;

the juvenile court shall order the child's parents or the guardian of the child's estate to pay, ~~for~~, or reimburse the county **or the department of child services, as appropriate**, for the cost of services provided to the child or the parent or guardian unless the court finds that the parent or guardian is unable to pay or that justice would not be served by ordering payment from the parent or guardian.

(d) Subject to subsection (e), when the court orders a child's parent or the guardian of the child's estate to make a payment or reimbursement under subsection (c), the court shall order the reimbursement to be paid to:

- (1) the county if the county pays the cost of services or is required to reimburse the department of child services for the cost of services from the county family and children's fund; and**
- (2) if subdivision (1) does not apply, the department of child services.**

(e) If the county executive adopts a resolution incorporating a written agreement with the department of child services to offset payments against any reimbursement otherwise due from the county to the department of child services, the court may order that payment that is required to be made to the county under subsection (d)(1) be made to the department of child services.

SECTION 159. IC 31-40-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. **Subject to section 3(e) of this chapter**, the parent or guardian of the estate of any child returned to Indiana under the interstate compact on juveniles under IC 31-37-23 shall reimburse the county for all costs:

- (1) payable, or that under section 2 of this chapter must be reimbursed by the county, from the county family and children's fund; and**
- (2) involved in returning the child;**

that the court orders the parent or guardian to pay under section 3 of this chapter (or IC 31-6-4-18(e) before its repeal) whether or not the child has been adjudicated a delinquent child or a child in need of

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services.

SECTION 160. IC 31-40-1-5, AS AMENDED BY P.L.145-2006, SECTION 362, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) This section applies whenever the court orders or approves removal of a child from the home of a child's parent or guardian and placement of the child in a child caring institution (as defined in IC 31-9-2-16.7), a foster family home (as defined in IC 31-9-2-46.9), or the home of a relative of the child that is not a foster family home.

(b) If an existing support order is in effect, the court shall order the support payments to be assigned to the ~~county office~~ **department of child services** for the duration of the placement out of the home of the child's parent or guardian. The court shall notify the court that:

- (1) entered the existing support order; or
- (2) had jurisdiction, immediately before the placement, to modify or enforce the existing support order;

of the assignment and assumption of jurisdiction by the juvenile court under this section.

(c) If an existing support order is not in effect, the court shall do the following:

- (1) Include in the order for removal or placement of the child an assignment to the ~~county office~~ **department of child services**, or confirmation of an assignment that occurs or is required under applicable federal law, of any rights to support, including support for the cost of any medical care payable by the state under IC 12-15, from any parent or guardian who has a legal obligation to support the child.

- (2) Order support paid to the ~~county office~~ **department of child services** by each of the child's parents or the guardians of the child's estate to be based on child support guidelines adopted by the Indiana supreme court and for the duration of the placement of the child out of the home of the child's parent or guardian, unless:

(A) the court finds that entry of an order based on the child support guidelines would be unjust or inappropriate considering the best interests of the child and other necessary obligations of the child's family; or

(B) the county office **or the department of child services** does not make foster care maintenance payments to the custodian of the child. For purposes of this clause, "foster care maintenance payments" means any payments for ~~the cost of (in whole or in part) and~~ the cost of providing food, clothing,

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shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable amounts for travel to the child's home for visitation. In the case of a child caring institution, the term also includes the reasonable costs of administration and operation of the institution as are necessary to provide the items described in this clause.

(3) If the court:

(A) does not enter a support order; or

(B) enters an order that is not based on the child support guidelines;

the court shall make findings as required by 45 CFR 302.56(g).

(d) Payments in accordance with a support order assigned under subsection (b) or entered under subsection (c) (or IC 31-6-4-18(f) before its repeal) shall be paid through the clerk of the circuit court as trustee for remittance to the ~~county office~~ **department of child services**.

(e) The Title IV-D agency shall establish, modify, or enforce a support order assigned or entered by a court under this section in accordance with IC 31-25-3, IC 31-25-4, and 42 U.S.C. 654. The county office shall, if requested, assist the Title IV-D agency in performing its duties under this subsection.

(f) If the juvenile court terminates placement of a child out of the home of the child's parent or guardian, the court shall:

(1) notify the court that:

(A) entered a support order assigned to the county office under subsection (b); or

(B) had jurisdiction, immediately before the placement, to modify or enforce the existing support order;

of the termination of jurisdiction of the juvenile court with respect to the support order;

(2) terminate a support order entered under subsection (c) that requires payment of support by a custodial parent or guardian of the child, with respect to support obligations that accrue after termination of the placement; or

(3) continue in effect, subject to modification or enforcement by a court having jurisdiction over the obligor, a support order entered under subsection (c) that requires payment of support by a noncustodial parent or guardian of the estate of the child.

(g) The court may at or after a hearing described in section 3 of this chapter order the child's parent or the guardian of the child's estate to reimburse:

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(1) the county ~~office~~ for all or any portion of the expenses for services provided to or for the benefit of the child that are paid **(or must be reimbursed by the county)** from the county family and children's fund; and

(2) if subdivision (1) does not apply, the department of child services;

during the placement of the child out of the home of the parent or guardian, in addition to amounts reimbursed through payments in accordance with a support order assigned or entered as provided in this section, subject to applicable federal law.

(h) A support order requiring payment to a county office shall be treated after December 31, 2007, as requiring payment to the department of child services.

SECTION 161. IC 31-40-1-6, AS AMENDED BY P.L.145-2006, SECTION 363, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) The department ~~with the approval of the county fiscal body~~, may contract with any of the following, on terms and conditions with respect to compensation and payment or reimbursement of expenses as the department may determine, for the enforcement and collection of any parental reimbursement obligation established by order entered by the court under section 3 or 5(g) of this chapter:

(1) The prosecuting attorney of the county that paid the cost of the services ordered by the court, as provided in section 2 of this chapter **(as effective December 31, 2007), and the prosecuting attorney of the county where the child resides for the costs of services ordered by the court, as provided in section 2 of this chapter (as effective after December 31, 2007).**

(2) An attorney for the department on behalf of the county office that paid the cost of services ordered by the court, if the attorney is not an employee of the county office or the department.

(3) An attorney licensed to practice law in Indiana.

(b) A contract entered into under this section is subject to approval under IC 4-13-2-14.1.

(c) Any fee payable to a prosecuting attorney under a contract under subsection (a)(1) shall be deposited in the county general fund and credited to a separate account identified as the prosecuting attorney's child services collections account. The prosecuting attorney may expend funds credited to the prosecuting attorney's child services collections account, without appropriation, only for the purpose of supporting and enhancing the functions of the prosecuting attorney in enforcement and collection of parental obligations ~~to reimburse the~~

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county family and children's fund ordered by the court under section 3 or 5(g) of this chapter.

SECTION 162. IC 31-40-1-7, AS AMENDED BY P.L.145-2006, SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) Amounts received as payment of support or reimbursement of the cost of services paid as provided in this chapter shall be distributed in the following manner:

(1) If any part of the cost of services was paid from federal funds under Title IV Part E of the Social Security Act (42 U.S.C. 671 et seq.), the amounts received shall first be applied as provided in 42 U.S.C. 657 and 45 CFR 302.52.

(2) **Subject to section 3(e) of this chapter**, all amounts remaining after the distributions required by subdivision (1) shall be deposited in:

(A) the county's family and children's fund (established by IC 12-19-7-3) ~~or if the money is received to pay a county that paid the cost of the services:~~ obligation; or

(B) the state family and children's fund (established by IC 31-25-2-20) if the money is received to pay an obligation of the state fund.

(b) Any money deposited in a county family and children's fund under this section shall be reported to the department, in the form and manner prescribed by the department, and ~~shall be applied to the child services budget compiled and adopted by the county director for the next state fiscal year; in accordance with IC 12-19-7-6:~~ **obligations of the county family and children's fund.**

SECTION 163. IC 31-40-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. If the parent or guardian of the estate:

(1) defaults in reimbursing the county **or state**; or

(2) fails to pay a fee authorized by this article;

the juvenile court may find the parent or guardian in contempt and enter judgment for the amount due."

Page 200, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 187. [EFFECTIVE JANUARY 1, 2008] **(a) On January 1, 2008, the balance of each county's county family and children trust clearance fund becomes part of the family and children trust clearance fund established under IC 12-19-1-16, as amended by this act. Any reference to a county or county office in a document relating to money in a county family and children trust fund shall be treated after December 31, 2007, as a reference to the**

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department of child services. Any reference in a document to a county family and children trust fund shall be treated after December 31, 2007, as a reference to the family and children trust clearance fund established by IC 12-19-1-16, as amended by this act. Not later than January 10, 2008, each county auditor shall transfer the balance of the county's county family and children trust clearance fund to the department of child services for deposit in the family and children trust clearance fund established under IC 12-19-1-16, as amended by this act. The money transferred under this subsection is subject to the obligations of the county family and children trust clearance fund from which the money is transferred and the restrictions on any gifts or grants that apply to the money being transferred.

(b) The department of child services may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement this SECTION. A temporary rule adopted under this subsection takes effect in the same manner as an emergency rule adopted under IC 4-22-2-37.1. Notwithstanding IC 4-22-2-37.1, a temporary rule adopted under this subsection expires on the earliest of the following:

- (1) The date specified in the temporary rule.
- (2) The date that another temporary rule adopted under this subsection amends, repeals, or supersedes the previously adopted temporary rule.
- (3) The date that a permanent rule adopted under IC 4-22-2 amends, repeals, or supersedes the previously adopted temporary rule.
- (4) January 1, 2009."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1478 as printed April 6, 2007.)

KENLEY

SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be amended to read as follows:

Page 62, between lines 3 and 4, begin a new paragraph and insert:

"(d) Notwithstanding any other provision of this chapter or IC 6-1.1-20.6, a governing body may file with the county auditor a certified statement providing that for purposes of computing and

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applying a credit under IC 6-1.1-20.6 for a particular calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter. The department of local government finance shall adopt the form of the certified statement that a governing body may file under this subsection. The department of local government finance shall establish procedures governing the filing of a certified statement under this subsection. If a governing body files a certified statement under this subsection, then for purposes of computing and applying a credit under IC 6-1.1-20.6 for the specified calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter."

Page 62, line 4, delete "(d)" and insert "(e)".

Page 155, line 8, after "area." insert "**Notwithstanding any other provision of this chapter or IC 6-1.1-20.6, a governing body may file with the county auditor a certified statement providing that for purposes of computing and applying a credit under IC 6-1.1-20.6 for a particular calendar year, a taxpayer's property tax liability does not include the liability for a special assessment imposed under this chapter. The department of local government finance shall adopt the form of the certified statement that a governing body may file under this subsection. The department of local government finance shall establish procedures governing the filing of a certified statement under this subsection. If a governing body files a certified statement under this subsection, then for purposes of computing and applying a credit under IC 6-1.1-20.6 for the specified calendar year, a taxpayer's property tax liability does not include the liability for a special assessment imposed under this chapter.**".

(Reference is to EHB 1478 as printed April 6, 2007.)

KENLEY

SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be amended to read as follows:

Page 202, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 170. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **(a) Notwithstanding the provisions in**

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IC 6-1.1-20.4-4 specifying that an ordinance or a resolution must be adopted before December 31 for homestead credits to be provided under IC 6-1.1-20.4 in the following year, a political subdivision may adopt an ordinance or a resolution after December 31, 2006, and before June 1, 2007, to provide for the use of revenue for the purpose of providing a homestead credit under IC 6-1.1-20.4 in 2007.

(b) If a political subdivision adopts an ordinance or a resolution described in subsection (a):

(1) the local homestead credit under IC 6-1.1-20.4 shall be applied in the political subdivision in 2007; and

(2) the department of local government finance may take any action necessary to apply the local homestead credit in the political subdivision in 2007.

(c) This SECTION expires December 31, 2008."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1478 as printed April 6, 2007.)

HEINOLD

SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be amended to read as follows:

Page 177, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 146. IC 36-4-3-4, AS AMENDED BY P.L.111-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The legislative body of a municipality may, by ordinance, annex any of the following:

(1) Territory that is contiguous to the municipality.

(2) Territory that is not contiguous to the municipality and is occupied by a municipally owned or operated airport or landing field.

(3) Territory that is not contiguous to the municipality but is found by the legislative body to be occupied by a municipally owned or regulated sanitary landfill, golf course, or hospital. However, if territory annexed under this subsection ceases to be used as a municipally owned or regulated sanitary landfill, golf course, or hospital for at least one (1) year, the territory reverts to the jurisdiction of the unit having jurisdiction before the

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annexation if the unit that had jurisdiction over the territory still exists. If the unit no longer exists, the territory reverts to the jurisdiction of the unit that would currently have jurisdiction over the territory if the annexation had not occurred. The clerk of the municipality shall notify the offices required to receive notice of a disannexation under section 19 of this chapter when the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation.

(b) This subsection applies to municipalities in a county having a population of:

- (1) more than seventy-three thousand (73,000) but less than seventy-four thousand (74,000);
 - (2) more than seventy-one thousand four hundred (71,400) but less than seventy-three thousand (73,000);
 - (3) more than seventy thousand (70,000) but less than seventy-one thousand (71,000);
 - (4) more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);
 - (5) more than forty thousand nine hundred (40,900) but less than forty-one thousand (41,000);
 - (6) more than thirty-eight thousand (38,000) but less than thirty-nine thousand (39,000);
 - (7) more than thirty thousand (30,000) but less than thirty thousand seven hundred (30,700);
 - (8) more than twenty-three thousand five hundred (23,500) but less than twenty-four thousand (24,000); ~~or~~
 - (9) more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than three hundred thousand (300,000);
- or**
- (10) more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).**

Except as provided in subsection (c), the legislative body of a municipality to which this subsection applies may, by ordinance, annex territory that is not contiguous to the municipality, has its entire area not more than two (2) miles from the municipality's boundary, is to be used for an industrial park containing one (1) or more businesses, and is either owned by the municipality or by a property owner who consents to the annexation. However, if territory annexed under this subsection is not used as an industrial park within five (5) years after the date of passage of the annexation ordinance, or if the territory ceases to be used as an industrial park for at least one (1) year, the territory reverts to the jurisdiction of the unit having jurisdiction before

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the annexation if the unit that had jurisdiction over the territory still exists. If the unit no longer exists, the territory reverts to the jurisdiction of the unit that would currently have jurisdiction over the territory if the annexation had not occurred. The clerk of the municipality shall notify the offices entitled to receive notice of a disannexation under section 19 of this chapter when the territory reverts to the jurisdiction of the unit having jurisdiction before the annexation.

(c) A city in a county with a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000) may not annex territory as prescribed in subsection (b) until the territory is zoned by the county for industrial purposes.

(d) Notwithstanding any other law, territory that is annexed under subsection (b) or (h) is not considered a part of the municipality for the purposes of:

- (1) annexing additional territory:
 - (A) in a county that is not described by clause (B); or
 - (B) in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), unless the boundaries of the noncontiguous territory become contiguous to the city, as allowed by Indiana law;
- (2) expanding the municipality's extraterritorial jurisdictional area; or
- (3) changing an assigned service area under IC 8-1-2.3-6(1).

(e) As used in this section, "airport" and "landing field" have the meanings prescribed by IC 8-22-1.

(f) As used in this section, "hospital" has the meaning prescribed by IC 16-18-2-179(b).

(g) An ordinance adopted under this section must assign the territory annexed by the ordinance to at least one (1) municipal legislative body district.

(h) This subsection applies to a city having a population of more than thirty-one thousand (31,000) but less than thirty-two thousand (32,000). The legislative body of a city may, by ordinance, annex territory that:

- (1) is not contiguous to the city;
- (2) has its entire area not more than eight (8) miles from the city's boundary;
- (3) does not extend more than:
 - (A) one and one-half (1 1/2) miles to the west;
 - (B) three-fourths (3/4) mile to the east;
 - (C) one-half (1/2) mile to the north; or

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(D) one-half (1/2) mile to the south;
of an interchange of an interstate highway (as designated by the
federal highway authorities) and a state highway (as designated
by the state highway authorities); and
(4) is owned by the city or by a property owner that consents to
the annexation.".

Renumber all SECTIONS consecutively.

(Reference is to EHB 1478 as printed April 6, 2007.)

HEINOLD

SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be
amended to read as follows:

Page 45, between lines 41 and 42, begin a new line double block
indented and insert:

**"(D) One (1) member appointed from nominees submitted
by the Indiana Library Foundation.**

**(E) One (1) member appointed from nominees submitted
by the Indiana Township Association."**

(Reference is to EHB 1478 as printed April 6, 2007.)

WEATHERWAX

SENATE MOTION

Madam President: I move that Engrossed House Bill 1478 be
amended to read as follows:

Page 95, delete lines 29 through 38, begin a new paragraph and
insert:

**"(f) The county auditor shall distribute the portion of the
certified distribution that is attributable to a tax rate under this
section to the county and to each municipality and township in the
county. The amount that shall be distributed to the county,
municipality, or township is equal to the result of:**

**(1) the portion of the certified distribution that is attributable
to a tax rate under this section; multiplied by**

(2) a fraction equal to:

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- (A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county, municipality, or township for the calendar year; divided by
- (B) the sum of the attributed allocation amounts of the county and each municipality and township in the county for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county, municipality, or township under this subsection must be deposited into a separate account or fund and may be appropriated by the county, municipality, or township only for public safety purposes."

Page 118, delete lines 33 through 42, begin a new paragraph and insert:

"(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality and township in the county. The amount that shall be distributed to the county, municipality, or township is equal to the result of:

- (1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by
- (2) a fraction equal to:
 - (A) the total property taxes being collected in the county by the county, municipality, or township for the calendar year; divided by
 - (B) the sum of the total property taxes being collected in the county by the county and each municipality and township in the county for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county, municipality, or township under this subsection must be deposited into a separate account or fund and may be appropriated by the county, municipality, or township only for public safety purposes."

(Reference is to EHB 1478 as printed April 6, 2007.)

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COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure reports that pursuant to Senate Rule 33(c), the following technical corrections are to be made to Engrossed House Bill 1478.

Page 45, between lines 41 and 42, begin a new line double block indented and insert:

"(D) One (1) member appointed from nominees submitted by the Indiana Library Federation.

(E) One (1) member appointed from nominees submitted by the Indiana Township Association."

LONG, Chairperson

(Reference is to EHB 1478 as printed April 6, 2007.)

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